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# ***JPRS Report***

# **Soviet Union**

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***International Affairs***

# Soviet Union International Affairs

JPBS-UIA-90-019

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31 December 1990

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**Zagladin Views Paris CSCE Summit**

91UF0163A Moscow *TRUD* in Russian 18 Nov 90 p 3

[Report on interview with V.V. Zagladin, adviser to the USSR president, by *TRUD* correspondent V. Prokofyev in Paris; date not given: "Paris: the Start of a New Chapter. Tomorrow a Summit Meeting of the CSCE Countries Is To Take Place in Paris"]

[Text] Paris, 17 November—From today an area of several city blocks located 100 meters to the south of the Arc de Triomphe has been turned into a zone guarded more carefully than any top secret military installation. Some 10,000 police, gendarmes, and military personnel have been used to provide security for the 34 heads of state and government attending the CSCE conference that opens on 19 November at the Paris International Conference Center on Avenue Kleber.

Paris is a city where it is hard to be surprised at anything. But I must say frankly that I do not recall any event in the past that brought such a record number of journalists to the capital from all over the world: More than 3,000 have been accredited. An impressive figure: 100 reporters, commentators, and television reporters for each European president or prime minister. A special press center has been set up for the journalists, and it is only particularly fortunate people who, on special invitation from delegation members, have been allowed inside the walls of the International Conference Center itself, which has been urgently put into good order and was "ready" literally just before the meeting opened.

Here they are calling it "epoch-making." I think that this is no exaggeration. To summarize the results of the 15 years of European development since Helsinki and outline the contours of our continent's future—such are the grandiose aims of the meeting. The speed of the preparations has been stunning. The idea of such a meeting was put forward by M.S. Gorbachev less than a year ago, to be accurate, in late November 1989. He was supported by French President F. Mitterrand, who met with our leaders in early December in Kiev last year. And now—Paris. What can we expect from the meeting? What has caused the need to hold it? I put these and other questions to V.V. Zagladin, adviser to the USSR president. This is how he responded.

[Zagladin] Let us recall Helsinki 1975. It faced one global task in practical terms, namely, to end the confrontation in Europe. Everything done in the Finnish capital at that time was aimed at achieving that goal. It should be noted that the principles laid down there were not worked through to their conclusion but they were oriented toward achieving at least some kind of agreement on European affairs. Now there is agreement. Confrontation on the continent has ended, and now the question is legitimately being raised: What next? During the period of preparation for Paris it was already possible to reach agreement on CSCE structures, in particular the periodic holding of summit meetings and meetings of foreign ministers. In fact this was merely formalizing what

already existed. But existing practice requires a concrete legal formulation to make these contacts mandatory.

Others questions are also arising. What about the principles forming the foundations of mutual relations among the European states laid down 15 years ago, which are now regarded in a different light? How will the avenues of practical cooperation be chosen? The summit meeting is necessary to answer all these questions. It will formalize what has already been achieved and define the prospects for the future. What prospects? This will become clear during the course of the meeting. Nevertheless, it seems to me that the next stage will be a 1992 meeting in Helsinki, where it will be necessary to adopt a document that will naturally not replace the 1975 agreement but amplify it, giving due consideration to the changes that have taken place in Europe. And evidently to impart to it a legally binding form, which it does not now have. It is also extremely important to gain experience in pan-European cooperation. It is still not very great. Up to now this cooperation has been developed in the field of reducing conventional arms down to a level that removes the imbalances, and in the field of confidence-building measures, and that is essentially all. The economic, ecological, and humanitarian forums have in the main put forward ideas, but they still need to be embodied in something effective.

[Prokofyev] You have touched on the question of conventional arms. It is being suggested that a treaty on reducing these arms is to be signed in Paris.

[Zagladin] On this plane we will be facing a dual task in the French capital. The first is to sign an appropriate agreement. And afterward to make arrangements for the second stage of the negotiations. And here, different positions can be discerned. One is to continue the negotiations aimed at reducing arms in Europe down to a level of reasonable sufficiency, or as they still say here, "nonoffensive defense" on the basis of the old mandate. The other position is that a new mandate is needed. What is happening here? Up to now 23 states, members of NATO and the Warsaw Pact, have been engaged in the negotiations. Now, following the reunification of Germany, there are 22. But the content of the negotiations, when it is a question of reasonable sufficiency, affects all the European states, not just those involved in the military-political alliances. And for this very fine calculations and a balancing of the interests of all European states are needed. An appropriate decision is to be reached on this in Paris. What kind of decision? That we shall see. But it seems to me that it would be sensible to engage in immediate continuation of the negotiations on the basis of the old mandate, while working in parallel on a new one. And there is one other factor, namely, the negotiations on tactical nuclear weapons. The NATO countries have decided that they are ready for those negotiations. The East European countries also favor them. And we are ready. On this plane Paris may become the point of departure for the next initiative in negotiations that are so very important for the "old world."

[Prokofyev] All the European countries have taken the same stance on the events in the Persian Gulf. Such a thing has not happened very often in Europe's postwar history....

[Zagladin] The Persian Gulf and German reunification—agreement has been reached on those two important political problems. This gives grounds for hoping that in the long term the discussion of major international policy will become a pan-European affair.

[Prokofyev] The opinion has been voiced recently here in the country that we are paying far too much attention to international affairs while there are so many problems inside the country. Is it possible that similar attitudes will be shown with respect to the Paris meeting? What is your attitude toward this?

[Zagladin] There is one thing that everyone should understand with all his heart and soul. None of the things that have occurred inside the country would have happened if the international situation had not changed. There could have been no question of economic, social, democratic, or cultural development if we had been forced to waste incredible sums on military affairs. This switch to peaceful construction has still not made it possible for us to breathe easy. Unfortunately, even disarmament costs money at first. Nevertheless, I think that we will not have to wait long for the results.

... And so, Avenue Kleber is taking over the baton from Helsinki. Fifteen years ago a process was started in Helsinki that was collectively called "detente." We shall soon know what they will call the post-Paris period of European development. In any event it will be defined by concepts such as partnership, agreement, and cooperation.

#### **Oil Prices Affect USSR, World Economies**

91UF0149A Moscow *TRUD* in Russian 14 Nov 90 p 3

[Article by P. Vorobyev under the rubric "Opinion of a Political Commentator": "Illusory Profit: The Economic Consequences of Raising Oil Prices"; first paragraph is introduction]

[Text] The economic department of the UN Secretariat has published a report revising predictions of the pace of economic development in principal countries and regions of the world. The revision is downward. The primary cause for the impending difficulties, according to UN experts, is the sharp increase in oil prices caused by the Persian Gulf crisis.

One might well ask why we should grieve over all this. After all our country, as a exporter, stands to profit greatly from the increase in oil prices. However, everything is not so simple. We will try to show how the "economic balance" of the crisis really looks in today's mutually dependent world and what its consequences are for us.

But first, one positive facet which must be noted before anything else. With all the menace and danger of the military and political situation in the Near East, the current crisis has not turned into a confrontation between the USSR and the United States, between the East and the West. And that is very important.

I will permit myself a prediction on this subject: One way or another, peacefully or, God forbid, militarily, or on the basis of some combination of these two methods the problem will be resolved, and it probably will happen no later than the first half of the coming year. Depending on the course of events the political consequences may be more or less serious, a regrouping of forces will take place, and not much can be foretold with certainty. However it is easy to foresee economic consequences which in any case will be unpleasant for the international community.

A jerky increase in prices for oil has coincided in time with the beginning of the latest cycle of deterioration in the economic state of the Western market. The 1980's, especially the second half, were quite favorable for the majority of the countries of the West. But, according to the laws of economic development, that could not continue forever. For example, the United States to a significant degree financed its growth at the cost of huge deficits in the state budget. Now the time has come to settle accounts: It is necessary to raise taxes and reduce spending, and the economy's growth will inevitably slow down. Even the prospects for an economic giant like the FRG are complicated: With the reunification of Germany, equalizing the level of development in both parts of the country will cost an enormous amount.

All this is by no means part of what we used to talk about in our discussions of the "crisis of the capitalist economy." No, we are talking about real problems which, of course, will not lead to some sort of collapse or to a new "great depression" but will have tangible consequences, for us as well. In particular, prices will increase on goods we purchase on Western markets and, most importantly, the volume of credit and investment resources which we had hoped to attract from abroad to support our programs for a transition to a market economy will be reduced.

Now about the "profits" connected with the increase in oil prices. Of course, a certain influx of hard-currency assets is taking place even now. But, in the first place, no one knows how long that will last. Currently energy producers are giving the most varied predictions for the evolution of prices. The oil market is determined not only by economic factors (supply and demand), but also by political, psychological, and other factors. However, there are no weighty economic reasons for a prolonged maintenance of high oil prices. This means that sooner or later the next slump, a reduction by a factor of two to three, must occur. It is not difficult to foresee the consequences for us.

Moreover, we are taking losses as a result of the existing situation today as well. Iraq was delivering oil to a number of countries in settlement of its debt to us, but the oil was counted as deliveries from us. Now we are compelled to compensate these countries, if only in part, for nondeliveries of Iraqi oil as a result of the UN embargo against Iraq. This will lead to an increase in the deficit of oil both for domestic goals as well as for exports.

The subject of USSR trade with the East European countries is a separate one. The volume of our oil deliveries to these countries is very great. But we do not receive any special profits from this. After all, as before, the main portion of the deliveries is purchased at prices significantly lower even than former world prices, never mind today's prices. The transition to world prices is only planned to start at the beginning of next year, and several countries, such as Bulgaria, are already asking for a postponement, asserting that an abrupt transition will be an economic catastrophe for them. We ran far into debt with others in past years, and in essence all the initial profits will go toward paying off that debt.

In short, wherever you look, there are difficult problems. And this is not even the full extent of them. Not everything can be predicted. Economics prefers gradualism and steady, incremental growth. Any type of jolt or shake like today's oil shock has a negative effect on the system of the world's economy. In any event, after similar situations at the beginning of the 1970's and 1980's, it took even the highly-developed countries of the West a rather long time to recover, to restore equilibrium, and to overcome inflation. There is no doubt that they will be able to do it on this occasion too. But difficulties cannot be avoided. I believe that to a still greater degree these difficulties will affect those countries whose economies and political lives are still rather fragile and unstable. I have in mind the countries of Eastern Europe, with which we are connected by decades of existing ties. To break these ties would be a dangerous business for us and for them. Nonetheless, because of the coming difficulties as well as for other reasons, apparently a trial separation of some type must occur. We must undergo it with dignity and with a minimum of losses.

The main conclusion for us is that we were not fully isolated from the world economy even before, and now that we are trying to become an inalienable part of it we are especially susceptible to any shaking of that organism. Temporary profits from a favorable oil market are hardly able to smooth over the consequences of this.

The fact that we solved our problems in the 1970's through the use of oil and natural gas exports instead of economic reform is costing us dearly. That "golden rain" saved the administrative command system at the very time when we should have been abandoning it once and for all. As a result, today we can only count on radical measures to stabilize our economy and move to a market. Only those who rely on their own forces and possibilities and who are able to ensure order in their economic home can stay in the saddle in the dangerous

and always unexpected changes of political and economic life. This is today's lesson of mutual dependence, the lesson of realism.

#### Introduction of Travel Advisories Urged

91P500584 Moscow *TRUD* in Russian 30 Nov 90 p 1

[Article by A. Repin: "Dangerous for Life"]

[Text] The Soviet Union has resolutely raised the issue of the inadmissible obstacles Baghdad has placed in the way regarding the departure of foreign citizens, including Soviet specialists, from Iraq. In the current situation our people are also being put in the position of hostages. We learned this fact from the 27 November official statement by a representative of the USSR Ministry of Foreign Affairs.

However, confusion has arisen over the stipulation, appearing in one Soviet statement and then another regarding the departure from Iraq of those people "who express such a wish." For if someone does not understand with what events are threatening him, if there is only once chance in a hundred that war will begin in a region, it is the responsibility of the Soviet government to ensure the security of all its citizens, regardless of their personal considerations.

The U.S. Department of State provides regular recommendations to Americans not to visit dangerous areas of the world. We still do not have such mass travel of citizens around the planet. But there is another matter—the tens of thousands of people working overseas. Shouldn't the Foreign Ministry introduce the practice of announcing that it is inadvisable for Soviet specialists to go to certain regions during a time of conflict?

#### USSR Olympic Committee Gains Independence

91P500674 Moscow *IZVESTIYA* in Russian 27 Dec 90 Union Edition p 8

[TASS item: "New Status of the Olympic Committee"]

[Text] By decree of the union government on carrying out the USSR Law "On Social Associations" the USSR Olympic Committee has been removed from the jurisdiction of USSR Goskomsport [State Committee for Physical Culture and Sports]. This is in response to the social nature of the committee's activity and to the principles of the Olympic Charter.

The USSR Olympic Committee has been granted, specifically, the right to carry out direct foreign economic activities, corresponding to its goals and tasks, to establish a foreign currency fund which will be used for developing international sports relations, preparing sportsmen for the Olympic Games, and for other goals as stipulated by its charter.

A National Olympic Committee of the Ukraine has also been created. Participants in the assembly, which took place in Kiev, adopted a charter. It states, in particular, that the Ukrainian National Olympic Committee is an independent social organization.

**Decree on Import, Export Tax Rates Published**

91UF0143A Moscow PRAVITELSTVENNYY VESTNIK in Russian No 36, Sep 90 Supplement pp 5-7

[USSR Council of Ministers Resolution No 815: "On Establishing 1990 Tax Rates for Export and Import, As Well As the Tax on Turnover From Joint Enterprises Created on USSR Territory With Participation of Soviet Juridical Persons and Foreign Juridical Persons and Citizens; USSR Council of Ministers Resolution No 815, dated 13 August 1990"]

[Text] In accordance with the USSR Law "On Taxes From Enterprises, Associations and Organizations" and the 14 June 1990 USSR Supreme Soviet resolution on the order of its implementation, the USSR Council of Ministers **HEREBY RESOLVES**:

1. To decree that in 1990 enterprises, associations and organizations listed in Article 1 of the USSR Law "On Taxes From Enterprises, Associations and Organizations", effective 1 July of this year, shall pay into the union budget a tax on goods imported in the course of foreign trade operations which have not been specified in the State Plan for Economic and Social Development for 1990. This tax shall be paid at rates computed from the foreign trade (contract) cost of the goods and recomputed into Soviet rubles at the USSR Gosbank exchange rate, and in the amounts specified in Supplement No 1 to this resolution.

To retain for 1990 the existing order of budget accounting for export-import operations established by the USSR Ministry of Finance and the USSR Gosbank for state enterprises, associations and organizations in their implementation of the indicated foreign trade operations.

To grant the right to the USSR Ministry of Finance, upon agreement with the USSR State Committee on Prices and the USSR Ministry of Foreign Economic Relations, to correct the indicated amounts of the tax rates depending on changes in the market conditions on the foreign and domestic markets for individual types of goods.

2. The taxes indicated in Point 1 of this resolution, will be collected by the organs of the USSR State Customs Control.

The State Customs Control Main Administration under the USSR Council of Ministers, upon coordination with the USSR Ministry of Finance, must within a week's time forward to the customs institutions directives on the order and terms of computation and payment of the taxes into the state budget revenue.

3. To excuse payment of taxes on the import of: — equipment, materials and other property erected in the USSR by foreign participants as their contribution to the charter fund of joint enterprises, international associations and organizations created on USSR territory; —goods temporarily entering the USSR and subject to

shipment abroad in unchanged condition or in repaired form within a specified period of time; —goods brought into USSR territory to be sold for foreign currency.

If the indicated goods and property brought into the USSR is sold for Soviet rubles, an import tax in the amount specified by this resolution is paid within 10 days from the moment of sale of the goods on the USSR domestic market.

For late payment of import tax, a penalty is assessed in the amount of 0.2 percent for each day, beginning with the day following the payment due date and through the date of actual payment, inclusive.

Import tax paid for goods and other objects which are brought into the USSR for assembly, installation, processing or treatment and which are subsequently shipped abroad is subject to refund if these goods and objects are shipped abroad no later than 1 year from the moment of entry into the USSR, upon submission of proof of their import and use for the purposes indicated.

4. To decree that in 1990 joint enterprises and their branches created on USSR territory with the participation of Soviet juridical persons and foreign juridical persons and citizens, upon sale of the goods (products) of their own manufacture on USSR territory for Soviet rubles, effective 1 July of this year must pay a turnover tax with computation of rates on taxable items based on their retail (contract) prices and with deduction of trade and wholesale discounts in amounts specified in Supplement No 2 to this resolution.

5. The tax rates on turnover specified in Point 4 of this resolution are applicable to turnover on accounts for goods (products) shipped after 1 July 1990.

The payment of turnover tax is made based on the actual turnover for each elapsed 10-day period, and is due on the following dates: 13th and 23rd of the current month—for the first and second 10-day periods, respectively; 3rd of the following month—for the remaining days of the accounting month.

The sum of turnover tax is credited to the union budget with the exception of that portion which is deducted for the union republics in accordance with the standards ratified by the USSR Supreme Soviet.

Quarterly accounts on turnover tax are presented to the taxation organs no later than the 15th of the first month following the reporting quarter, in accordance with the form established by the USSR Ministry of Finance.

6. Prior to 1 November 1990, the USSR Ministry of Finance must prepare and submit for review to the USSR Council of Ministers a proposal on establishing the order for determining the rates and payment of tax on export and import, and tax on turnover from joint enterprises with the participation of Soviet juridical persons and foreign juridical persons and citizens.

N. RYZHKOV, USSR Council of Ministers Chairman

M. Shkabardnya, USSR Council of Ministers Affairs Administrator

**Supplement No 1 to USSR Council of Ministers Resolution No 815 dated 13 August 1990**

**Tax rates on import of goods in foreign trade operations not included in the USSR State Plan for Economic and Social Development for 1990\*.**

| Name of goods  | Originating in CEMA states | Originating in other countries |
|--|----------------------------|--------------------------------|
| Movie cameras, projectors, photo cameras, lenses and photo accessories | 5.7                        | 5.7                            |
| Tape-measures  | 3.9                        | 3.9                            |
| Electrical instruments   | 3.9                        | 3.9                            |
| Personal computers   | 6                          | 6                              |
| Calculators  | 8.1                        | 8.1                            |
| Monitors   | 3.9                        | 3.9                            |
| Trucks and passenger automobiles                                       | 3.8                        | 3.8                            |
| Motorcycles and motor scooters   | 1.8                        | 1.8                            |
| Automotive accessories   | 5.8                        | 5.8                            |
| Automobile tires and automotive trim                                   | 5.9                        | 5.9                            |
| Facing slabs and sanitary-engineering products                         | 3.9                        | 3.9                            |
| Plant fibers   | 1.3                        | 1.3                            |
| Wool   | 1.2                        | 1.2                            |
| Textiles from natural and artificial fibers                            | 16.8                       | 16.8                           |
| Essential oils   | 4.6                        | 4.6                            |
| Coffee beans   | 3                          | 4.8                            |
| Cocoa and cocoa-mass   | 6                          | 6                              |
| Raw tea  | 2                          | 2                              |
| Raw sugar  | 2.3                        | 2.3                            |
| Butter   | 2                          | 2                              |
| Bananas  | 5.4                        | 9.2                            |
| Oranges  | 4.3                        | 3.3                            |
| Lemons   | 2.4                        | 12.1                           |
| Tangerines   | 4.1                        | 2.9                            |
| Grapefruit   | 4                          | 3.3                            |
| Sugar  | 2.1                        | 1.7                            |
| Vegetable oil  | 1.6                        | 1.6                            |
| Cocoa powder   | 5.2                        | 5.2                            |
| Instant coffee   | 3.2                        | 20.4                           |
| Wine-vodka products  | 2                          | 6.1                            |
| Cigarettes   | 1.5                        | 5.1                            |
| Cotton fabric  | 1.8                        | 2.5                            |
| Jeans fabric   | 5                          | 7                              |
| Cotton fleece fabric   | 4.6                        | 4.6                            |
| Wool and part-wool fabrics   | 2.8                        | 4.6                            |

**Supplement No 1 to USSR Council of Ministers Resolution No 815 dated 13 August 1990 (Continued)**

**Tax rates on import of goods in foreign trade operations not included in the USSR State Plan for Economic and Social Development for 1990\*.**

| Name of goods   | Originating in CEMA states | Originating in other countries |
|---|----------------------------|--------------------------------|
| Silk and fleece fabrics                                     | 2.8                        | 7.8                            |
| Rugs and rug products:                                      | 4                          | 4                              |
| double-weave  | 8                          | 8                              |
| tufted  | 3                          | 18.8                           |
| Outerwear   | 2.6                        | 8.3                            |
| Men's and women's coats (except leather and fur), raincoats | 3.2                        | 6.7                            |
| Children's coats (except leather and fur)                   | 1.2                        | 6.4                            |
| Suits   | 2.5                        | 3.7                            |
| Pants   | 2.2                        | 5.7                            |
| Jeans   | —                          | 14.7                           |
| Children's jeans  | 1.3                        | 4.3                            |
| Sportcoats  | 2.8                        | 6.7                            |
| Other coats and dresses                                     | 2.6                        | 8.3                            |
| Leather coats and jackets                                   | 4.5                        | 6                              |
| Synthetic leather coats and jackets                         | 3.7                        | 3.7                            |
| Fur coats and jackets                                       | 2.7                        | 7.2                            |
| Other clothing  | 2.7                        | 4.2                            |
| Tricot underwear and outerwear                              | 4.1                        | 6.7                            |
| Hosiery-stockings products                                  | 6.7                        | 11.1                           |
| Wool afghans  | 3.7                        | 5.4                            |
| Textile haberdashery  | 3.1                        | 13.8                           |
| Tulle   | 4.7                        | 2.9                            |
| Metallic haberdashery                                       | 3.4                        | 4.8                            |
| Shavers and shaver replacement heads                        | 8.7                        | 8.7                            |
| Lighters  | 13.7                       | 13.7                           |
| Haberdashery  | 3.7                        | 4.6                            |
| Synthetic leather purses and suitcases, cooler packs        | 1.6                        | 2.6                            |
| Plastics haberdashery                                       | 3                          | 3.7                            |
| Umbrellas   | 4.7                        | 20.3                           |
| Footwear  | 2.3                        | 3.3                            |
| Porcelain and china dishware                                | 2.5                        | 17.6                           |
| Crystal   | 2                          | 2                              |
| Furniture   | 1.8                        | 1.8                            |
| Perfume-cosmetic products and soap                          | —                          | 2.1                            |

**Supplement No 1 to USSR Council of Ministers Resolution No 815 dated 13 August 1990 (Continued)**

**Tax rates on import of goods in foreign trade operations not included in the USSR State Plan for Economic and Social Development for 1990\*.**

| Name of goods   | Originating in CEMA states | Originating in other countries |
|---|----------------------------|--------------------------------|
| Sewing machines   | —                          | 2.1                            |
| Bicycles and mopeds   | 1.6                        | 1.6                            |
| Refrigerators, coolers, vacuum cleaners, floor polishers, washing machines, coffee grinders, coffeemakers, mixers, juicers, electric knives, kitchen appliances, scales, water heaters and electric pipe heaters, electric irons, electric razors, fireplaces, and fans | 4.6                        | 4.6                            |
| Electric lighting fixtures with crystal chandeliers   | 6.7                        | 6.7                            |
| Household electric lighting fixtures, other than indicated  | 3.7                        | 3.7                            |
| Thermoses   | 2.2                        | 3.7                            |
| Hardware  | 3.7                        | 3.7                            |
| Bathroom accessories  | 2.1                        | 2.1                            |
| Hunting equipment and sporting goods  | —                          | 2.2                            |
| Tennis balls, rackets, nets, spinning reels, lures, fishing tackle  | 6.7                        | 6.7                            |
| Fishing lines, hooks, fishing tackle boxes  | 8.7                        | 8.7                            |
| Arts and crafts products, toys  | —                          | 4.7                            |
| Electronic games  | 2.7                        | 8.7                            |
| Video and audio cassettes   | 5                          | 20.9                           |
| Drafting and office supplies  | 2.7                        | 2.7                            |
| Radio electronic apparatus not indicated in this list   | 2.7                        | 8.7                            |
| Televisions and television accessories  | 8.7                        | 8.7                            |
| Radios, tape recorders, electric tape players, equalizers, music centers, amplifiers, cassette and tape decks   | 6.7                        | 6.7                            |
| Portable tape players   | 7.2                        | 7.2                            |
| Stereo tape players   | 8.7                        | 8.7                            |
| Monophonic tape players   | 13.7                       | 13.7                           |
| Automatic tape players  | 9.7                        | 9.7                            |

**Supplement No 1 to USSR Council of Ministers Resolution No 815 dated 13 August 1990 (Continued)**

**Tax rates on import of goods in foreign trade operations not included in the USSR State Plan for Economic and Social Development for 1990\*.**

| Name of goods                             | Originating in CEMA states | Originating in other countries |
|---|----------------------------|--------------------------------|
| Video tape players and video cameras      | 12.7                       | 12.7                           |
| Wallpaper                                 | 7.1                        | 7.1                            |
| Consumer goods not indicated in this list | 1.6                        | 1.6                            |

USSR Council of Ministers Administrator of Affairs - M. SHKABARDNYA

\*The sum of the import tax introduced into the union budget revenue is determined by multiplying the foreign trade cost of the imported product by the rate presented in this table.

**Supplement No 2 to the USSR Council of Ministers Resolution No 815 dated 13 August 1990**

**Rates of tax on turnover of goods manufactured by joint enterprises created on USSR territory with participation of Soviet juridical persons and foreign juridical persons and citizens**

| Name of goods  | Rates of turnover tax in percentage of turnover in retail (contract) prices, subtracting trade and wholesale discounts |
|--|--|
| Cotton and wool fabrics, plastic products  | 20   |
| Leather shoes (except children's), non-woven textile materials, synthetic leather, gold jewelry items without stones or with semi-precious (including synthetic) and other stones                                | 25   |
| Wallpaper, refrigerators, computer technology, clocks, video tape recorders, computers, dry wines, perfume-cosmetic goods  | 30   |
| Silk fabrics, beer   | 40   |
| Rugs, synthetic fur, video and audio cassettes, passenger automobiles and spare parts for them, tricot and hosiery-stocking products made of artificial and synthetic filaments and weaves, silver jewelry items | 50   |
| Gold jewelry items with precious stones and with precious stones combined with semi-precious and other stones, champagne and sparkling wines, concentrated wines, cognacs  | 70   |
| Liquor-vodka products  | 90   |
| Other food and non-food products on which the turnover tax is paid by Soviet enterprises   | 15   |

USSR Council of Ministers Administrator of Affairs - M. SHKABARDNYA

**Belorussian Law on Foreign Economic Dealings**

914A0145A Minsk SOVETSKAYA BELORUSSIYA  
in Russian 6 Nov 90 p 2

[Law of the Belorussian SSR: "On the Fundamentals of Foreign Economic Activity of the Belorussian SSR"]

[Text] The present Law establishes the fundamentals of the foreign economic relations of the Belorussian SSR. It is based on the principles contained in the republic's Declaration of State Sovereignty and on generally accepted international norms and rules.

The Belorussian SSR has the right to its own share of the diamond and hard currency stores and the gold reserve of the USSR and carries on foreign economic dealings on the basis of the uniform currency-money system, preserving the unity of USSR customs territory and the customs law and statistics of the USSR as defined on a treaty basis with the USSR, while observing the republic's own economic interests.

The sphere of operation of the present Law includes all types of foreign economic activity, including foreign trade and economic, scientific-technical, and cultural cooperation. The Law applies to specialization and cooperation in the fields of production and science and technology, to construction and reconstruction projects, carrying on transportation, shipping, and insurance transactions, clearing, credit, and other banking transactions, tourism, and other activity in the area of international exchange of goods, services, and the products of creative activity.

**Article 1. The Belorussian SSR as the Subject of Foreign Economic Activity**

The following are done by the Belorussian SSR:

- developing and implementing foreign economic policy, including hard currency-credit policy and procedures for setting quotas and licensing foreign economic operations;
- establishing the legal foundations of management activity in the foreign economic sphere;
- concluding and carrying out international agreements in the field of foreign economic activity in conformity with generally recognized principles and norms of international law;
- establishing procedures for the formation and registration of joint enterprises and international associations, enterprises, and organizations engaged in foreign economic activity;
- protecting the economic interests of the Belorussian SSR and Belorussian SSR enterprises, organizations, and citizens beyond its borders;
- establishing taxes, fees, and compulsory payments to the republic budget and the budgets of local soviets from the income of participants in foreign economic

activity, the norms for which are established by the legislation of the Belorussian SSR;

—defining free enterprise zones;

—participating in the formation and activity of international economic and scientific-technical organizations as well as intergovernmental commissions and committees on trade-economic, scientific-technical, and cultural cooperation and other international economic organs.

**Article 2. Principles of Relations of the Belorussian SSR with Other States in the Field of Foreign Economic Activity**

The relations of the Belorussian SSR with other states in the field of foreign economic activity are built on the basis of compliance with the principles of equality among states, nonintervention in internal affairs, cooperation among states, conscientious fulfillment of obligations arising from generally recognized principles and norms of international law and international agreements of the Belorussian SSR, plus nondiscrimination and mutual benefit.

**Article 3. The Subjects of Foreign Economic Activity**

Enterprises, organizations, or associations of them, cooperatives, and other legal and physical persons have the right to carry on foreign economic activity after appropriate registration. Participants in foreign economic activity are registered by the organ authorized by the republic government.

**Article 4. Delineation of the Accountability of the State and Participants in Foreign Economic Activity**

The participants in foreign economic activity are not accountable for state obligations; the state is not accountable for the obligations of participants in foreign economic activity.

**Article 5. Direction and Management of Foreign Economic Activity**

General direction of foreign economic activity is carried on by the Belorussian SSR Council of Ministers.

The work of ministries, departments, associations, enterprises, and organizations with respect to carrying on foreign economic relations is coordinated by the Belorussian SSR State Committee for Foreign Economic Relations.

**Article 6. Participation by Banks of the Belorussian SSR in Carrying on Foreign Economic Activity**

Provision of insurance and management of clearing-credit, cash, and other transactions to serve participants in foreign economic relations is done by banks based on licenses from the Belorussian SSR National Bank.

**Article 7. Official Offices of Foreign States, Enterprises, and Organizations in the Belorussian SSR and Official**

**Offices of the Belorussian SSR and Enterprises and Organizations Involved in Trade and Economic Questions Abroad**

Foreign states, enterprises, organizations, and other legal persons may establish their own official offices for trade and economic matters in the Belorussian SSR; the Belorussian SSR, enterprises, and organizations can establish their own offices abroad on the basis of international agreements between the Belorussian SSR and foreign states.

The procedures for opening and operating official offices are determined by legislation of the Belorussian SSR.

**Article 8. Foreign Economic Activity in the Belorussian with Participation by Foreign Capital**

Under the laws of the Belorussian SSR, joint enterprises and international associations and organizations with participation by Soviet and foreign legal and physical persons can be formed in the republic.

Joint enterprises and international associations and organizations are accountable for their obligations to the full extent of all the property belonging to them.

The property rights of joint enterprises and international associations and organizations are subject to protection in conformity with the laws of the Belorussian SSR.

Joint enterprises and international associations and organizations have the right, following the procedures established by the laws of the Belorussian SSR, to carry on foreign trade and other foreign economic dealings, including transactions in rubles within the republic, without the right to export rubles.

The subjects of foreign economic activity can take part in joint enterprises and international associations and organizations in foreign states and carry on production, science-production, scientific-technical, and other economic activity in their territory in conformity with the laws of the Belorussian SSR and of those states, as well as the international agreements of the Belorussian SSR.

**Article 9. State Monitoring of Foreign Economic Activity**

State monitoring of foreign trade and other types of foreign economic activity is done by the highest organs of state power and administration of the Belorussian SSR.

For the purpose of protecting the trade and economic interests of the Belorussian SSR, retaliatory measures may be taken, upon decision of the Belorussian SSR Supreme Soviet, against countries which create discriminatory conditions for foreign economic activity by the Belorussian SSR.

In order to support the trade-political and economic interests of the republic and also to ensure fulfillment of the international obligations of the Belorussian SSR, the Belorussian SSR Council of Ministers may institute

restrictions and bans and set certain requirements for carrying on dealings in the field of international exchange of goods, services, and the results of creative activity.

**Article 10. Responsibility for Violation of Laws on Foreign Economic Activity**

Persons guilty of violating the points of the present Law and other legislative acts concerning foreign economic activity bear civil law, administrative, and criminal responsibility in conformity with the laws of the Belorussian SSR.

**Article 11. The Present Law Will Go Into Effect On 1 January 1991.**

N. Dementey, chairman,  
Belorussian SSR Supreme Soviet;  
Minsk, 25 October 1990

**Lithuanian Export Regulations Explained**

91UF0157A Vilnius EKHO LITVY in Russian  
18 Oct 90 p 2

[Comment by Rimantas Purtulis, general director of the foreign economic relations department of the Lithuanian Republic government: "To Avoid Being Turned Back at the Border"]

[Text] With the republic government's adoption of decrees regulating the export of goods from Lithuania, the question has occurred to many people, especially entrepreneurs, of how to proceed and how and from whom to get approval in order to avoid being turned back with export goods at the border, or even worse—having to explain things to the law enforcement organs. Many such questions come to the foreign economic relations department of the government of the Lithuanian Republic. The general director of this department, Rimantas Purtulis, explained to the ELTA correspondent:

"The republic's government ratified the provisional procedure for exporting and shipping goods from the Lithuanian Republic with its decree No 290 of 25 September. The main requirement is very simple: state enterprises and organizations which have decided to sell outside Lithuania's borders raw or processed materials, output, foodstuffs, or nonfood products manufactured beyond the state order and in larger quantities than envisioned by long-term direct contracts concluded before 1 September 1990 must get the approval of the Ministry of Material Resources or the Ministry of Trade to export them (in accordance with the appropriate product list) and obtain the permission of one of those ministries. Sometimes the goods mentioned are to be exchanged for others. In that case a list of the goods being exported and those being imported should be submitted to one or the other of these ministries and the conditions and advisability of the exchange should be substantiated.

"Cooperative members, joint stock enterprises, and persons involved in individual labor activity are active exporters of goods. The first place they should turn in connection with exporting their goods is the city or rayon administrations which registered their charters and issued patents or business licenses.

"If the goods are being exported to foreign states (with the exception of the USSR, Estonia, or Latvia), they must also obtain permission from the foreign economic relations department. They call on our department after the question has already been approved in the institutions mentioned. In order to trade abroad, first of all they must be registered as a participant in foreign economic relations. They must present a copy of the registration card proving what output they intend to export and import and the protocols of intention or other agreements to the department. It takes approximately 10 days for the permission to be issued if the deals are not too complicated and about 20 days for those which are more complicated and require an in-depth analysis.

"Although we completely support and are expanding foreign economic ties, we are not giving the green light to go abroad for those who take advantage of our economic difficulties and at times are involved in dirty deals and disregard established procedures. The state border should be and will be closed to such 'entrepreneurs'."

### Legislation To Protect Foreign Business Interests Needed

91UF0044A Moscow PRAVITELSTVENNY VESTNIK in Russian No 41 Oct 90 p 19

[Article by S. Yevstratov: "Protecting Foreign Investments—From Whom and Why?"]

[Text] The broad attraction of foreign capital into the country as well as its effective use is impossible without legal guarantees of its security and normal functioning, as well as the withdrawal (repatriation) of returns and capital investments themselves.

Soviet legislation contains only a very general statute at this time concerning this matter; that the holdings of the joint enterprise are not subject to requisition or confiscation in the event of the expropriation of property; compensation is guaranteed, and guarantees are granted in the transference abroad of foreign partners' earned profits.

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Such guarantees, however, are clearly insufficient. This circumstance, along with the lack of development of market relations in the country, in the absence of the convertibility of a national currency, is a cause for hesitation on the part of foreign investors to actually invest large amounts of capital in the USSR. In addition, there are a number of foreign firms having a joint enterprise on our territory at present (Switzerland's

"Sandoz," "Hoffman-LaRoche;" France's "Credit-Lyons," and others), who were dispossessed in the '20s-'40s, without some kind of compensation.

The creation of legal regulations for protection of foreign capital investment is needed, in both the working up of national legislation and the creation of international guarantees. Such guarantees are usually contained in the international agreements on mutual protection of capital investment, and more than 300 of these agreements have been concluded in the world.

In 1988 and 1989, our country had already concluded inter-government and inter-country agreements on mutual protection of capital investment with Finland, Belgium and Luxembourg, France, Great Britain, the FRG, Italy, Canada, and Austria. The agreements contain statutes adopted in international policy. Specifically, a most-favored status in the area of capital investment is anticipated. Foreign investments can be expropriated only in exceptional cases and in accordance with legal norms under conditions of immediate payment of compensation based on the market value of capital investment in foreign currency. Profits from foreign investments, in the form of profits from joint enterprise activities, as well as the investments themselves can easily be transferred to foreign currency abroad. Disputable issues can be examined in an international court. The parties themselves will commit themselves to stimulating the function of capital investment on their own territory, refraining from discriminatory measures that can interfere with their maintenance, administration, and use.

In several agreements, it was anticipated that policies of the activities of foreign and national investors' capital investments will come together and national policy will expand to foreign investments. For us to carry this out within the entire country earlier was not expected to be possible. The situation is going to change to the extent that market relations develop.

Our agreements meanwhile have not gone into effect; it is being proposed that they be submitted for approval to the highest legislative organ of the country in the current year. A number of nations, particularly Finland, the FRG, Austria, Belgium, and Great Britain, have already ratified their agreements with the USSR.

### Not Without Skeptics Here

One hears from time to time that agreements we have concluded have overcommitted us to many, particularly in the sphere of hard-currency and financial relations. The fear that the obligations of the Soviet partners cannot be secured by the hard-currency resources they have is expressed. This can lead to exacerbation of the problems of solvency in the country, since under conditions of an imbalanced market and an incomplete economic mechanism, joint enterprises have the potential to earn significant profits in rubles. The foreign investor is able to raise the question concerning the conversion of ruble profits due him in foreign currency.

It cannot be said that such doubts are completely groundless. But they clearly do not consider the mechanism, partly already applied, worked out to prevent possible negative consequences. Specifically, legislation calls for the functioning of joint enterprises with participation of foreign capital on the basis of hard currency repayment. The USSR Ministry of Finance registers only those joint enterprises whose charter contains this clause. Non-observance of it in practice can be examined as a cause for liquidation of the joint enterprise. The USSR Ministry of Finance, as is known, can adopt such a decision, if the activities of the enterprise do not conform to the objectives and tasks contained in the charter. It is critical at this point to raise the responsibility of the founders of the joint enterprise themselves. In countries with reserve currency, a number of whom have relations with the USSR, the national founders of the joint enterprise, in the event of a lack of hard currency self-repayment, quite often call for a guarantee of currency interests of the foreign partners first by the private currency funds or funds of their higher organization. Participants in cooperation should quickly adopt measures from the beginning on the reorganization of the joint enterprise with the goal of equalizing their currency profits and payments, and in the event that this does not happen, liquidate the enterprise.

The introduction and conformance with Soviet legislation on a turnover tax, a high-returns tax, and import and export tax also will facilitate the restriction of unjustified ruble returns of the joint enterprise and the mitigation of the problem of currency self-repayment.

In this way, use of centralized currency resources for the security of obligations in agreement on the protection of investments should be considered an exceptional case. The agreement with Great Britain even contains a stipulation that the host nation, under the occurrence of difficulties of balance of payment in the course of a specific period of time can limit their obligation on the conversion of national currency into foreign to 20 percent of the overall sum of dividends, percents, royalties and other profits from the capital investments.

Originally in the preparation of the agreements on the mutual protection of investments the possibility of granting guarantees on the unimpeded transference abroad of profits earned only in foreign currency was considered. However it soon became quite obvious that this is not creating the necessary conditions for repatriation of all earned profits, and lowers the interests of Western investors in investing capital.

It is interesting to mention that in the entire world today only a few countries completely prohibit repatriation of profits in national currency from foreign capital investments: Albania, Bulgaria, Guinea-Bissau, Cuba, Peru, Sao-Tome and Principe, the USSR and Suriname. On the other hand, 93 percent of—foreign investments in the seventies were accommodated in the countries who guaranteed the repatriation of profits in the national currency.

Having included in our agreements guarantees mentioned in the beginning of the article, we have been following accepted international policy, although it is not finding complete reflection in our domestic legislation at this time.

In connection with the expansion of economic independence of the republics, the opinion is sometimes expressed that the burden of fulfilling obligations in the agreements on investments can fall on local organs of power in the absence of their necessary authority for regulating the process of bringing in foreign capital. Such a fear is hardly substantiated. Local organs of power today already actively have the right to permit creation of a joint enterprise on their territory. In the future they will independently register the joint enterprise, distribute the licenses for the activity of purely foreign enterprises and for concessions, and change the policy for taxation of foreign enterprises.

#### Stimulus for Investors

As a whole, the agreements put into force will stimulate attraction of capital from Western countries. Already today in terms of the actual number of joint enterprises created, firms from developed countries are leading, with whom such agreements have been concluded: the FRG (since April 1 of this year, 214 joint enterprises and first place); Finland (175, and second place); Austria (99, and fourth place); Great Britain (96, and fifth place), and so forth. As far as the degree of capital investment again in the lead are the investors from the countries, with whom we have agreements: Italy (167 million rubles, second place); the FRG (159 million rubles, third place); France (146 million rubles, fourth place), and so on.

Investors from the countries that do not have such agreements with us, and who are inclined from time to time to invest in the USSR not directly but through specially created firms in their countries, have concluded agreements with us.

The conclusion of investment agreements facilitates the broadening of the potential of foreign investors for insurance of their investments in USSR territory in the insurance organs of their countries. For us this is especially important, insofar as the USSR is not a member of IBRD, and in consequence of this foreign investors cannot utilize the services of the multilateral agency of guarantees of investments under IBRD for protection of their capital investments in the Soviet Union.

The significance of these agreements includes also the fact that state organs in our country, who not long ago began to bring in foreign capital investments were able to quickly take advantage of international experience in the area of regulation of capital investments, and effectively reorganize the legal system in accordance with objective economic requirements.

In the document of the Bonn Conference on Economic Cooperation in Europe conducted in March and April of 1990, the importance of protecting capital investments

was emphasized within the limits of multilateral and bilateral agreements. The nations who participated committed themselves to improvement of their domestic and foreign policies to facilitate the expansion of free movement of capital and unhindered repatriation of profits in convertible currency. This document was signed and represented by our country.

Of course, as far as development of market relations with our country goes, expanding the sphere of convertibility of the ruble will mitigate the effect of many of the problems touched upon.

#### G. Arbatov Views State of Foreign Economic Relations

91UF0119A Moscow PRAVITELSTVENNYY VESTNIK in Russian No 41, Oct 90 p 5

[Interview with USSR People's Deputy and Academician Georgiy Arbatov conducted by Yu. Popov: "No Sacred Cows"]

[Text] The transition to a market concerns literally all aspects of the national economy, including also the trade-economic relations with foreign countries. Our editors asked the well-known scientist and public leader, USSR People's Deputy and Academician G. Arbatov, to share with the readers his thoughts on the status and means of transformation of our state's foreign economic activity.

[Popov] Georgiy Arkadyevich, how do you evaluate the current status of our economic relations with the outside world?

[Arbatov] I believe that they are undergoing a difficult period. I will not resort to statistics. The figures on this matter have repeatedly been cited by various press publications. Moreover, not all the foreign economic statistics are as yet open, and therefore [the available statistics] are not always absolutely reliable. However, from what we know and from what has been made public, we may draw a rather disturbing conclusion: The situation in this sphere is very serious.

[Popov] On what do you base this notion other than on official data?

[Arbatov] In the course of my work I must constantly associate with representatives of business circles from the USA and other countries. The meetings and conversations with them confirm this impression which I, as well as many other scientists, have.

The Westerners are closely watching everything that is going on in our country, and the business world is perfectly well informed of our economic woes. They have noted that, having undertaken the reform of foreign economic relations several years ago, we have still not been able to create a stable system in this sphere. Our legislative statutes and rules are continually changing. No sooner did we open the door of the foreign market to all interested enterprises, organizations and departments

and published the corresponding instructions and resolutions, than we immediately began supplementing and changing [these laws], and even repealing some of them.

Such instability in business cooperation is incompatible with serious business. Many Western businessmen complain: "You are offering us a chess game, while you retain the right to change the rules in the course of the game". Who could agree to that?

Moreover, I will add that the 17,000 legal entities who received the right to enter the world market are in their overwhelming majority not ready for this activity. They lack real knowledge in the most elementary things—knowing how to conduct negotiations, knowing the market conditions and prices, making the right choice of partners, etc. And so we are beginning to compete with ourselves, bringing down prices on the goods which we sell and taking many other clumsy steps.

Of course, the reason is not only poor preparation. We will be able to broadly expand trade-economic operations with foreign states in full volume only when we realize economic reforms. And here we have now found ourselves at a standstill. We do not know which program to adopt. So, we are "hanging in mid-air" since December of last year. This is formally—that is when the government program was presented, but in practice it has been even longer.

I would like to focus your attention also on certain other comments made by Western businessmen—potential investors, i.e., those whom we want to attract to make capital investments in our country and who could build and supply us with equipment, etc. First of all, they are alarmed by the status of the ruble: In general, does it have worth today, and if so, then how much? They know that the ruble is "lying down".

Obviously, the problem is primarily a domestic economic one. We have become witness to the disintegration of production relations (inevitable with such a weak ruble), continuous disruption in mutual responsibilities of enterprises and agreements, and the flourishing of barter trade: I will fulfill my deliveries only if they give me the products or goods which I need in return. Western observers see all this. This does not enhance their trust in us as partners. Exchange without money—this is a return to feudal economics, to the primordial state. Thus, what is seemingly a domestic problem is clearly expressed also in our foreign relations.

[Popov] Do you believe that another problem—that of the "black market" is also closely tied to this?

[Arbatov] Unfortunately, we still turn away in shame from this real phenomenon, while it has taken on absolutely fantastic proportions, especially in retail trade. The "black market" evokes a rather negative reaction even in foreign business: It raises for it great doubts about the attractiveness of the Soviet economy for investments.

After all, we have already practically ceased to struggle against the black marketeers, the speculators, and the swindlers. Entire spheres are becoming a part of the "black" economy. For example, taxi drivers, in essence, are no longer working for the statutory fare, but as a rule for rubles. And it seems that we have come to terms with this outlandish phenomenon. The same is true also for many other spheres of service. The foreigners notice all this, and it is very unpleasant to hear from them that our current atmosphere reminds them of post-war Europe. The "black market" is like a huge bottomless hole, through which everything is sold. With such a breach there cannot be a healthy economy.

[Popov] We know that in the West the market has existed for a long time. There are certain conditions which have been formed and which operate successfully within it. There is an atmosphere for business life. Is this compatible with that which exists in our country?

[Arbatov] Yes, in order to attract foreign partners we need a certain business environment and a corresponding trade-political infrastructure. This means that we must bring Soviet legislation into line with the demands of a market economy. The contract-legal basis of the entire foreign economic complex requires a serious re-vamping. Our country's lack of an appropriate contract-legal base, on which foreign companies who have decided to do business with us may rely, is what scares away the West. Moreover, Soviet manufacturers will also encounter this as soon as relaxation of state control begins. After all, the necessary laws for this have not been created in the country, while those which do exist will hardly work. The system of taxation and many other elements of the market system are underdeveloped.

It is a matter of creating normal conditions for the work of Western businessmen. Offices, bureaus, buildings, services, hotels—without all this it is rather difficult for them to do business. And in general the question of an infrastructure is vitally important for the Soviet economy. Let us take, for example, such a sphere as communications. We have already reconciled ourselves with our underdevelopment and lack of conveniences in this field. Yet for the foreigner it seems absolutely incredible that one must place an order for a call abroad 48 hours ahead of time, and without any assurance that the order will be filled. Everywhere in the civilized world there is automated communication. By simply dialing the number, one may immediately get in touch with any point on the globe.

I am not a specialist in this field, but I think that we have enough rockets, and even more than enough. They are capable of placing any payload into orbit. We also know how to make sputniks. We may assume that, possessing such technology, it would be an entirely realistic task to bring about order in a system of communications, without which good management, medical aid, and simply normal life, are unthinkable.

[Popov] What is the reaction of our foreign partners to the current tendency of many republics to drag the all-union market to their own national quarters?

[Arbatov] First of all, we must consider the real processes which are going on in life. What is happening? M. S. Gorbachev has repeatedly and correctly noted that we have not yet had a real federation. We are only now trying to create it. After all, we had a unitarian state. I would add even a super-centralized one, because it took away the rights not only of the republic and national formations, but also the oblast, city, enterprise, and labor collectives. At first the state took away everything, swept everything clean, and then it distributed what it had taken. And the current desire of all—not only the republics, oblasts, and cities, but even the city rayons—to take as many rights as possible, is partially a reaction to the former super-centralism and unitarianism.

We must overcome this. But how? Here the Union and the all-union market have objective laws on their side. After all, look: At the time when centrifugal forces began operating in our country, in Western Europe, where there are very different states having a different culture, history, etc., there is a strong tendency toward integration on the rise. It operates also on a world scale. The growth of mutual interdependence and interaction of countries is occurring before our very eyes. We cannot swim against the current of history.

However, it seems that in order for this tendency to begin manifesting itself in our country, we must, on the basis of the Union contract, regulate certain rules of relations between the republics and other national and administrative formations of the country and between them and the center. Moreover, we must do so by rejecting super-centralism and by learning to truly take local interests into consideration.

Here is one example. In the Canadian province of Alberta, near the famous Calgary, already after the war they discovered and began to extract oil. How they built up this little place! It has become one of the richest regions in Canada. Of course, its residents do not consume the oil which is extracted there. It goes to the country and abroad. Yet much of the income remains also for the region. But in our country the predatory central departments take away everything, disrupt the ecology in the region and turn it into a patch of burned out, lifeless desert. Is it permissible, for example, that in Tyumen, which gives the country so much oil, tens of thousands of people live in shacks, cities are abandoned, and the taiga and tundra perish?

I believe that there is one other reason which stands behind the processes of disintegration taking place in the country. That is the reaction to the clear helplessness of the center in managing the economy. The hopes pinned on the union government are fading away. And so the people are saying: Let us save ourselves. And they are trying to do this—often ineptly, at great expense, but nevertheless decisively.

I am convinced that as soon as matters become settled in the center and the Union Contract goes into effect, the tendencies toward integration will be reborn and we will be able to build a normal economy.

However, for now here too our domestic problems, becoming intertwined with the foreign economic ones, are not facilitating progress in the trade-economic relations with the West. Businessmen really do not know whom they should deal with in our state. Business people in Finland asked me: With whom should they sign agreements prepared for the Karelian ASSR and the Komi ASSR? Before, they reasoned, we dealt with the USSR, and with the union ministries. But now the RSFSR has announced its independence, followed by Karelia and Komi. What should we do?

There is a way out: To create a real market, where the subject is the producer himself, while the state, republic, oblast and rayon receive their share in the form of taxes. However, the companies, enterprises, and associations, regardless of what form of ownership they fall under, including state ownership, will also receive a fair income. There are also many such examples abroad. In Italy, all power generation is state owned. However, it is managed not by administrative, but by economic methods and rests on the same basis as the other spheres of enterprise. It may receive profit, and it may go bankrupt. But the state—from the central government to the municipality—must have its share, its percentage in taxes, which makes it an interested party in creating a maximally favorable climate for the development of enterprise and for attracting capital investment. It does not try to grasp everything into its own hands and become an entrepreneur-giant. That is the path to corruption and ineffective management. We have become convinced of this from our own experience.

In general, there are many problems, and we must deal with them immediately. In the economic programs which are currently being reviewed, especially in the program of S. Shatalin, there are some prudent sections devoted to foreign economic relations. However they, in my opinion, will be even more specifically defined. However, we cannot put this off. We cannot successfully emerge from the crisis without the active utilization of foreign economic relations. Without their development there will be such a loss of tempo that we may find ourselves sitting at the side of the high road to economic progress.

In this connection, I will once again return to the idea which I expressed earlier: Without economic reform we cannot achieve the creation of normal foreign economic relations. And on the contrary—without their development there will be no successful reform, so that the connection here is mutual. This is why I believe that the development of foreign economic ties is one of the most acute questions which is widely discussed today and which we must invariably resolve along with others—questions about ownership, relaxation of state control, convertibility of the ruble, etc.

[Popov] The picture of foreign economic ties which is depicted in your words is not very attractive, and the difficulties facing us in this sphere are great. However, can we overcome them and ultimately include our economy into world economic relations?

[Arbatov] We have all the basics for solving the problem which we place before ourselves. We often forget that the USSR is a rich country. We have huge natural resources, a great intellectual potential, and an army of skilled workers, engineers, and scientists. In some spheres we even have excess capacities, since we produce a great deal of surplus products.

Conversion may yield much: Our military production is too great. There are varying evaluations of what part of our industry operates for military needs. We know of the following figure: Military orders account for 40 percent of machine building.

Thus, we do have reserves. However, we still do not have one thing: True management of the economy. I would compare the current situation in this sense with the situation at the beginning of the last war, when we lost control of the troops. Soon we were able to restore it. And today we must set this as our goal: To restore control of the national economy. However, not the former control, not that of the times of the civil war, when we resorted to military methods. Life has shown that they operate poorly. After 3-4 years we needed the NEP. Lenin saw that the military-command methods were leading nowhere, that we needed economic measures. In our day we are returning to this Leninist idea. Moreover, we need to cast off our ambitions and prejudices. We need to reject all our old "sacred cows"—levelling, populism, isolationism, etc.

At the same time, we have world experience at our disposal. We have someone to learn from, so we do not have to re-invent the wheel. We do not have the time for that.

In short, we have the necessary prerequisites to look upon the future with confidence. We have the strength to overcome the current crisis and to achieve a successful development of the economy.

#### **Soviet Ties with Europe, Asia in Market Economy Considered**

91UF01584 Moscow SOVETSKAYA ROSSIYA  
in Russian 15 Nov 90 First Edition p 3

[Article by T. Tripalovinov under the rubric "Viewpoint": "A Parade of Sovereignties"]

[Text] In the present complex conditions of the USSR's transition to a market economy, we must focus attention on resolving the main question: what should the general approach be in developing the strategic directions of the USSR's integration into the world economic system?

First of all we must take into account the fact that besides economic potential, however we may interpret this concept, our country's main foreign economic advantage was, is, and will continue to be the existence of a unified, all-Union market which presupposes a unified customs territory and foreign economic policy, currency system, and foundations of investment conditions. It is on this basis that the overwhelming majority of foreign partners prefer to cooperate with us both on the intergovernmental level and on the basis of purely business contacts.

Our country's transition to market relations sets the direct task of establishing an open-type Soviet economy which envisions not only free transfer of goods, but of work force and, most importantly, capital or investments.

Creating an open-type economy involves developing the processes of its integration into the system of world economic ties, that is, both the national economic and the foreign economic complexes of the country will be made interdependent and competitive with the world economic system.

The transition to a market economy presupposes greater emphasis on attraction of capital and its movement, rather than on export-import transactions in goods. It is obvious that we will not resolve this problem without an extensive and integrated economic space, without dynamic processes of integration with the world economic system, and without the creation of a legal base in keeping with principles generally accepted in world practice.

But what should the approach to forming an economic space be?

First of all, the dynamics of the integration processes occurring in various regions of the world and the "readiness for integration" in our country's regions should be taken into account.

Outside the borders of the USSR, these processes are developing most rapidly in Europe. The extraordinary meeting of the European Council of Communities with the leaders of 12 Common Market countries clearly defined the contours and stages of the future economically and politically integrated system of communities, although with some reservations on the part of Great Britain. It is no accident that in recent years we in our country have been putting the emphasis on integration within the confines of Europe and on development of the concept of a common all-European economic space on the level of the well-known political idea of a "Common European Home." It is already a matter of the practical embodiment of this concept—of quickly reaching agreement on creation of the corresponding institutions. In this way, the formation of an all-European economic space "from the Atlantic to the Urals" can be discerned in the future.

The realization of the idea will provide a certain impetus to development of trade-economic relations with European countries and will put these relations on a fundamentally new basis in keeping with the goals and challenges of Soviet economic reform and without violating the country's sovereignty.

But we must not forget that the Soviet Union is a unique Eurasian power, a kind of bridge between the East and the West. Despite the fact that in analyzing foreign economic ties, it is not quite right to consider the geographic affiliation to be the determining condition; still "geographic proximity" has been and continues to be one of the factors which account for some regions' desire to establish contacts with neighboring regions.

If efforts are focused on forming a unified economic space only within the confines of Europe, then the Soviet "Asian" economic and foreign economic complex is essentially "put in parentheses," or rather only "replenishes" Europe. On the other hand, it is clear that the orientation of Siberia and the Far East to Asia for the most part will only strengthen the dividing line which runs along the Urals.

Of course, the processes of economic integration have been going on actively for a long time in the Asian-Pacific Ocean Region (APOR). The powerful ASEAN [Association of Southeast Asian Nations] economic grouping operates there. Japan, South Korea, Taiwan, Thailand, and Australia are seeking ways to focus their efforts to oppose Europe and, in part, the United States. Interesting processes are going on in Indonesia and the Philippines. It is no accident that the countries of Asia and the Pacific account for more than half the U.S. foreign trade turnover.

The economic positions of the USSR in Asia and the Pacific are by no means in keeping with our potential, above all because of the poor development of the regions of Siberia and the Far East in terms of exports. We are not talking of mineral resources, timber, or fuel here, but of finished output.

Economic reform and the necessary economic and trade-political steps will increase the Asian countries' incentive not only to expand trade exchange with the Soviet Union, but also to transfer foreign economic ties to new forms of cooperation. It is also relevant to mention the need to create the conditions for an influx of foreign capital into the Asian part of our country, especially since the Soviet side has the material base (but not the infrastructure).

Of course, in realizing the concept of a unified Eurasian economic space, we will encounter a fairly large number of negative factors. Recently another "parade of sovereignties" was added to it, this time in Russia. We must certainly see that such aspirations are always fraught with serious disruptions of the reproduction process both in the Union and in subjects of a federation. They lead to fragmentation of the Union market and do not form but, in contrast, destroy economic space. If these negative processes are not nullified somehow, all the concepts, whether of European or Asian or Eurasian space, may become idle speculation.

**Joint Ventures Registered in Latvia Listed** [18 Sep 90 pp 3-4]

91UF0145A *Riga SOVETSKAYA LATVIYA* in Russian  
18 Sep 90 pp 3-4

[Text]

[A listing of the joint ventures registered in Latvia]

**Joint enterprises created on the territory of the Latvian Republic (Registered by the Latvian Ministry of Finance in May 1990)**

| Register No. | Date of registration | Name and address of JE                          | Soviet partner and his share in the charter fund    | Foreign partner and his share in the charter fund         | Charter fund (thousand rubles) | Sphere of activity   |
|--------------|----------------------|---|---|---|--------------------------------|--|
| 1            | May 7                | 'LAT-FAR', Riga, ul. 1. Sudmalya, 22/24         | 1. Republic association 'Latagropromstroy' - 18%    |   | 5440                           | Sanitary technical products made of acrylic sheeting; production of sanitary acrylic sheeting for making bathtubs and sinks  |
|              |                      |   | 2. Trust N7, USSR Minmontazhspetsstroy Moscow - 16% | FARHOLD CHEMICAL INDUSTRY INVESTMENT AND DEVELOPMENT INC. |                                |  |
|              |                      |   | 3. Saratov association 'Nitron' - 25%               |   |                                |  |
|              |                      |   | 4. Ventspilskiy port-side plant - 16%               | Turkey - 25%  |                                |  |
| 2            | May 10               | LAT-KPV, Latvia, Livani, ul. Tseltniyetsibas, 8 | Scientific-technical cooperative firm "K-1" - 90%   | COMPUTER PERIPHERIE VERTRIEB GMBH, West Berlin - 10%      | 500                            | Development, production, adjustment, introduction and servicing of equipment systems with the application of electronic technology; program servicing; processing of by-products of wood and other raw materials; production of synthetic facing slabs and pots for planting vegetable cultures  |
| 3            | May 10               | "Sineri Informatik", Riga, Lomonosova, 1        | Production- scientific cooperative "Inzhener" - 75% | SECAPA INFORMATIQUE, France - 25%                         | 200                            | Development, production, delivery and adaptation of computer, tele-audiovisual and tele-communication systems for planning, management, education and communications; fulfillment of project planning orders with application of means of computer technology; leasing, informational and consultation services, and technical servicing of computer equipment |

## Joint enterprises created on the territory of the Latvian Republic (Registered by the Latvian Ministry of Finance in May 1990) (Continued)

| Register No. | Date of registration | Name and address of JE   | Soviet partner and his share in the charter fund   | Foreign partner and his share in the charter fund | Charter fund (thousand rubles) | Sphere of activity  |
|--------------|----------------------|--|--|---|--------------------------------|---|
| 4            | May 14               | Kompeksim Riga, Riga, Dzirnavu, 65                                     | "Nakotne" agrofirm - 17%; Latvian Ministry of Trade - 25%; Soviet-Swiss joint enterprise "Lagkompleksim" - 10% | KOMPEXIM AG, Switzerland - 48%                    | 600                            | Production and sale of food products and consumer goods; organization of export of products manufactured by the enterprise; import of consumer goods and equipment; development and operation of facilities for trade in these products, and implementation of foreign trade mediation operations |
| 5            | May 14               | "TW", Riga, Stasiyas, 20-49, t.453149                                  | "Elita" cooperative - 71%  | Q M & NEJDANA, Sweden - 29%                       | 350                            | Processing timber, production of furniture, electronic technology, and building materials; development of programs; construction of facilities of social-household function; organization and staging of commercial exhibits  |
| 6            | May 15               | "Biteks", Riga 226001 a/ya 410   | Scientific-production firm "Bayt" - 50%  | SEGAL INDUSTRIES INTERNATIONAL INC., USA - 50%    | 446.2                          | Production, servicing and sale of complex radioelectronic technology and components; production of furniture elements, prefabricated houses and other consumer goods made of wood, production of decor from metal and plastics by-products  |
| 7            | May 15               | BALTIKA ENTERPRISES, Valmier-skiy s/s "Kalnermanni", Valmierskiy rayon | LU Ecology center - 9.4%; "MIX" cooperative recreational complex - 84.9%                                       | THERMOCLAD COMPANY - 5.7%; ASV                    | 212.1                          | Production of consumer and technical goods; planning, complementation and development of automated work sites; construction and operation of recreational and tourism facilities  |
| 8            | May 17               | 'SBELAT', Riga, Tingonyu, 9  | "Trilari" joint cooperative enterprise - 60%   | SVEDALEN INVEST AKTIE BOLAG, Sweden - 40%         | 132.5                          | Production and sale of consumer goods; procurement and processing of secondary raw materials and production wastes; treatment of hides and down; provision of services in the sphere of consultation, marketing, and engineering  |

Joint enterprises created on the territory of the Latvian Republic (Registered by the Latvian Ministry of Finance in May 1990) (Continued)

| Register No. | Date of registration | Name and address of JE                                   | Soviet partner and his share in the charter fund                             | Foreign partner and his share in the charter fund                         | Charter fund (thousand rubles) | Sphere of activity  |
|--------------|----------------------|--|--|---|--------------------------------|---|
| 9            | May 21               | "Impuls-M.I.", Riga, Kengaraga, 10                       | Latvian production association for computer technology and informatics - 48% | MOTORES INTERNACIONALES, S.A., Panama - 52%                               | 105                            | Production of consumer goods; processing production wastes and secondary raw materials; production of computer technology, software, electronic instruments and computer components, electronic devices and decorative elements for automobiles, and furniture  |
| 10           | May 21               | Skan-Vesega, 226009, Stuchkin-skiy rayon, s/s/ Viyetalva | "Daugava" agricultural firm - 50%  | SCANPRODUCT LIMITED - 40%; SVENSSON HOLDING, Great Britain, Poland - 10[] | 800                            | Production and sale of construction materials and consumer goods; production, purchase and sale of agricultural products, farm machinery and spare parts; servicing of farm equipment   |
| 11           | May 25               | Latvpol, 226067, Riga, ul. Varkaliu, 1                   | Latvian republic production association "Elektrons" - 50%                    | Voyevudsk domestic trade enterprise, Shetsin, Poland - 50%                | 300                            | Production, repair, servicing, operation, rental and sale of radio electronic, television, computer and household technology; implementation of foreign economic activity; advanced training of cadres  |
| 12           | May 25               | Larowh, Riga, Smilshu, 6, v.323654                       | Western basin fishery production association (BPO Zapryba) - 51%             | "Sokalmer" and "Fransov" companies, France - 49%                          | 100                            | Organization of commercial fishery and seafood production; production and sale of fish products produced in the USSR, France, and third countries; organization of enterprises for manufacture of fish products in these countries; introduction of new technologies and equipment at these enterprises |

## Joint enterprises created on the territory of the Latvian Republic (Registered by the Latvian Ministry of Finance in May 1990) (Continued)

| Register No. | Date of registration | Name and address of JE  | Soviet partner and his share in the charter fund                                   | Foreign partner and his share in the charter fund | Charter fund (thousand rubles) | Sphere of activity   |
|--------------|----------------------|---|--|---|--------------------------------|--|
| 13           | May 28               | International Service Equipment (IRES), 226807, Riga, 6. Padomju, 2 | Latvian Marine Steamship Line - 70%  | 'GRANSKOM' company - 30%                          | 259.4                          | Production and repair of ship and port equipment and parts; provision of services of a sales, supply, and consultative character associated with the servicing of equipment and fulfillment of the owners' requests for complementation and development of equipment of a certain nomenclature                       |
| 14           | May 28               | ALEKS TEXTILE GMBKh, Riga, Lenina, 403                              | Cooperative "Serf" - 50%   | MIRO GMBH, FRG - 50%                              | 160                            | Organization of textile production; dyeing textiles, fabrics, sewn goods and their components; export and import of these products   |
| 15           | May 29               | Laiks, 226006, Riga, Akademiyas, 14                                 | Latvian Academy of Sciences Institute of Electronics and Computer Technology - 70% | Corporation Consider Inc., USA - 25%              | 320                            | Fulfillment of scientific-research and experimental-design work on the development of information systems; manufacture of products, including scientific-intensive, utilizing intellectual labor; provision of scientific-technical, advertising-commercial, service, consultative, instructional and other services |
|              |                      |   | "Interlatviya" foreign trade association - 5%                                      |   |                                |  |
| 16           | May 29               | KLINERS, 226045, Riga, Sverdlova, 39                                | "Vilnis" production association - 50%  | Roltex company, USA - 50%                         | 300                            | Provision of services on chemical dry cleaning of clothing; production of consumer goods; introduction of leading highly productive technology into the indicated production   |

Latvian Republic Ministry of Finance Ya. O. Blekto [19 Sep 90 pp 3-4]  
(signature) [Text]

**Joint Enterprises Created on the Territory of the Latvian Republic (Registered by the Latvian Ministry of Finance in June 1990)**

| Register No. | Date of registration | Name and address of JE                        | Soviet partner and his share in the charter fund                   | Foreign partner and his share in the charter fund           | Charter fund (thousand rubles) | Brief description of activity  |
|--------------|----------------------|---|--|---|--------------------------------|--|
| 17           | June 1               | RU.M, Riga, ul. Zvayganyu 21                  | Scientific-cooperative association "Tekhnoliar" - 51%              | "Studio Cittaci Milano" Company, Italy - 49%                | 100                            | Research, marketing, organizational, engineering and advertising activity in the field creating joint enterprises  |
| 19           | June 1               | ZENIKO, Riga, Lenina 80                       | Cooperative "Uniko" - 40%  | 'ZENITH INTERNATIONAL AB' Joint Stock Company, Sweden - 60% | 100                            | Develops projects for new construction and reconstruction; performs the functions of a general contractor in the field of construction; develops documentation for joint enterprises and computer software   |
| 20           | June 1               | Rigas Modes International, Riga, Lenina 49/53 | Tricot-textile production association "Rigas Modes" - 50%          | NEFI HANDELS - GMBH & Co. FRG - 50%                         | 400                            | Production and sale of consumer goods, scientific-technical, advertising-commercial, trade and service functions; demonstrations of clothing fashions, exhibits, and auctions; production, sale, installation and servicing of equipment; consultation and instruction in the field of equipment application   |
| 21           | June 4               | Volf-Lat, Riga, Sud-malya 22/24               | Latvian Republic Construction Association (Latagropromstroy) - 90% | Volf Sistembau GMBKh, Austria - 10%                         | 1000                           | Production and assembly of equipment, machines, and structures; manufacture of single-family houses, wood products and structures, and production of metallic structures   |
| 22           | June 7               | RAKO-EKUM                                     | Cooperative - 'RAKO' - 55%   | Rohan Exports, India - 45%                                  | 100                            | Production and sale of sewn goods and electrical goods   |
| 23           | June 13              | RACAR, Riga, Popova 3                         | Production association "Radiotekhnika" - 50%                       | AARON CARROLL ASSOCIATES Co., USA - 50%                     | 100                            | Development and production of radio electronic household appliances, computer technology; development and duplication of software; production of equipment for manufacture of radio electronic apparatus and computer technology, sale of products on the foreign and domestic market, and commercial activity |

## Joint Enterprises Created on the Territory of the Latvian Republic (Registered by the Latvian Ministry of Finance in June 1990) (Continued)

| Register No. | Date of registration | Name and address of JE                       | Soviet partner and his share in the charter fund   | Foreign partner and his share in the charter fund  | Charter fund (thousand rubles) | Brief description of activity   |
|--------------|----------------------|--|--|--|--------------------------------|---|
| 24           | June 13              | PEFORA, Rukums                               | Riga experimental youth center "Forum" - 25%; Consumer services combine in Tukumskiy rayon - 25% | TRADING TOPIC Joint Stock Company, Finland - 25%; "MONONOR" Joint Stock Company, Finland - 25% | 120                            | Production of consumer goods; provision of services to the population and to enterprises; participation in marketing  |
| 25           | June 13              | Espero, Riga, 226079. P. Dauges 4            | Latvian Republic Oncological Dispensary - 60%  | "AD LADELS" Company, England; "KATHARI HOLDINGS PRIVATE LIMITED", India - 40%                  | 250                            | Development and application of automated control systems in public health institutions; production and sale of disposable syringes and personal sanitary hygiene items; construction and reconstruction of medical institutions   |
| 26           | June 13              | Vigor, Rezeknenskiy rayon, Vilyany Aleyas 1a | "Latgale" production cooperative - 65%   | "Grigalis Associates" Company, USA - 35%   | 1454                           | Scientific-research and experimental design work on developing schemes for waste-free harvesting technology; development of power sources; development and application of energy-saving technologies; development and sale of machines, equipment, and building structures for harvesting; design and development of peasant farmsteads; advertising-commercial and service functions; consultation and instruction in the application of technological lines |
| 27           | June 14              | Balto-Teriva, Riga, Veydenbauma 10/12        | "Torgservis" cooperative - 85%; "Vega" cooperative - 5%  | "Teriva" Company, Poland - 5%; EBR Company, FRG - 5%   | 900                            | Production of consumer goods and products of industrial-technical function, and inter-story prefabricated reinforced concrete floorings; construction and operation of residential houses and hotels; transport services; comprehensive excursion-tourist activity on USSR territory and abroad; marketing  |

Joint Enterprises Created on the Territory of the Latvian Republic (Registered by the Latvian Ministry of Finance in June 1990) (Continued)

| Register No. | Date of registration | Name and address of JE  | Soviet partner and his share in the charter fund   | Foreign partner and his share in the charter fund | Charter fund (thousand rubles) | Brief description of activity  |
|--------------|----------------------|---|--|---|--------------------------------|--|
| 28           | June 14              | Latinkad, Riga, Audeyu 7/9, ind. 226250, tel. 211334  | "Latkommunprojekt" Institute, Latvian Ministry of Communal Management - 50%                      | "SORICE" Co., France - 50%                        | 200                            | Scientific-technical and project planning activity in the field of computer engineering and technology; development, introduction and application of systems of automated planning and other services in the field of informatics  |
| 29           | June 15              | ARI Trade Center, Riga, R. Vagnera 12, ind. 226260  | Riga Central Department Store - 33.3%; Republic foreign trade association "Interlatviya" - 33.3% | ATLANTIC SAIL IN-TREND LTD., England - 33.3%      | 150                            | Marketing, organizational, advertising and trade activity in purchase of various goods abroad, delivery to the USSR, warehousing and sales   |
| 30           | June 18              | TELLART, Riga, Zakyusalas, Krastmala 3, ind. 226018, telephone 200777, telefax 200049, telex - 161188, VIDEO SU | Latvian Radio-Television Center - 50%  | "Art B" Co., Poland - 50%                         | 200                            | Development of a center for reproduction of television and radio programs; development of joint television films and programs; exchange of journalists from different countries; advertising and transport services; organization of satellite communications, and construction of a cultural community center |
| 31           | June 19              | Ferrum, 226847, Riga, Miyesniyeku, 1  | Latvian republic production association "Vtiorchermet" - 88%                                     | "ES-POR S.A.", Spain - 12%                        | 4200                           | Procurement and processing of shipyard and other types of scrap; production of goods of industrial-technical function and consumer goods   |
| 32           | June 19              | Association of open systems, 226006, Riga, Akademiyas 14  | Institute of Electronics and Computer Technology - 75%   | Wroclaw Polytechnical Institute, Poland - 25%     | 200                            | Development, production and organization of exports of products in the field of computer technology and informatics; implementation and coordination of scientific research, design and technological work; service and other functions  |

## Joint Enterprises Created on the Territory of the Latvian Republic (Registered by the Latvian Ministry of Finance in June 1990) (Continued)

| Register No. | Date of registration | Name and address of JE                         | Soviet partner and his share in the charter fund  | Foreign partner and his share in the charter fund   | Charter fund (thousand rubles) | Brief description of activity   |
|--------------|----------------------|--|---|---|--------------------------------|---|
| 33           | June 21              | "LATCOMERC", 226003, Riga, Maskavas 107        | Cooperative commercial firm "Latviyeshunams" - 50%  | "AREAL" GMBH, FRG - 50%   | 200                            | Timber processing; production of furniture and building materials from wood; production and processing of agricultural products; provision of transport services; development of an automated service network; development of tourism and recreation facilities |
| 34           | June 21              | PEGANT, Riga, 226012, ul. Kr. Barona 99        | Commercial cooperative production association "Yanants i K" - 90%                                       | REGA GMBH, FRG - 10%  | 50                             | Production and sale of consumer goods, food products, and flowers; acquisition, repair, restoration and sale of used equipment and motor transport; repair-construction work; transport, service and informational services; marketing                          |
| 35           | June 26              | Lat-Holding, Riga, ul. Sudmalya 22/24          | "Lauktseltniyeks" Company, - 22%; Minmontazhspetsstroy Trust No 7 - 45%; "RETSEPT" Co., - 22%           | "OTASH" Company, Turkey - 11%   | 4500                           | Installation and repair work with application of various methods and technologies; selection of partners; engineering   |
| 36           | June 27              | Feniks, Riga                                   | Republic foreign trade association "Interlatviya" - 20%; scientific-technical cooperative "Konts" - 70% | "STAFFORD HOLDING COMPANY, INC", USA - 10%  | 100                            | Production and sale of consumer goods and construction materials; marketing; development of production and marketing of informational technology  |
| 37           | June 27              | IKA, 229064, Rizhskiy rayon, Agrofirm "Adazhi" | "Adazhi" Company - 24%; "Adazhimpeks" - 24%   | ORIG TRUST Co., Lichtenstein - 52%  | 100                            | Processing and sale of raw materials and by-products; production of consumer goods and food products; development of fur farms; construction of hotels, tourist complexes; transport and tourist services, and construction by application                      |
| 38           | June 29              | "Kvant-Interkom", Riga, A. Barbyusa 14         | Scientific-production cooperative "Konts" - 50%   | "Inkoms" State Company, represented by the Institute of the Communications Industry, Bulgaria - 50% | 100                            | Scientific-research experimental design work on the development and improvement of production and organization of operation of switchboard equipment; production and marketing operations   |

Joint Enterprises Created on the Territory of the Latvian Republic (Registered by the Latvian Ministry of Finance in June 1990) (Continued)

| Register No. | Date of registration | Name and address of JE                                      | Soviet partner and his share in the charter fund  | Foreign partner and his share in the charter fund | Charter fund (thousand rubles) | Brief description of activity   |
|--------------|----------------------|---|---|---|--------------------------------|---|
| 39           | June 27              | "Inzhener SSSR-FRG", aeroport, Spilve, Com. 21, tel. 628646 | Scientific-technical cooperative firm "Inzhener" - 28.6%; Commercial "innovation bank", Riga - 17.4%; Latvian Chamber of Commerce and Industry - 5% | BUDRICH KULTURA GMBH, FRG - 49%                   | 140                            | Research, marketing, organizational, engineering and advertising activity in the field of creating joint enterprises                                    |
| 40           | June 27              | "Anastasiya", Riga, ul. Khanzas, 18                         | RPShO "Rigas apgeros" - 50%   | ASPENSE, Sweden - 50%                             | 520                            | Manufacture of sewn goods; sale of manufactured products  |
| 41           | June 28              | "Yurmala", Yurmala, ul. Yuras, 7, tel. 76-23-68             | Association of business cooperation "LSA Contacts", Riga - 33%; "Rizhskoye vzmorye" sanatorium - 33%  | LUFA, FRG - 34%                                   | 241.6                          | Serves business people in the USSR and other countries, as well as providing them with special services associated with establishing business relations |

Latvian Republic Ministry of Finance

**Foreign Participation in Guryev Oblast Oil Industry Encouraged**

91UF0150A Moscow PRAVDA in Russian 11 Nov 90 p 2

[Article by D. Gutenev, PRAVDA correspondent: "A View From the Tengiz Dead End"]

**[Text]** Recently the government of Kazakhstan and an American trade consortium signed an agreement and a plan on preparing a joint program for the accelerated development of the republic. These documents place particular emphasis on the development of the oil deposits which have been discovered in recent years in Guryev Oblast.

**Toward the Market**

Nature has generously endowed the Caspian region. Each deposit is a gem. One of the most valuable is Tengiz. Late in 1979, the bit of the drilling rigs, having pierced through a salt layer, entered a thick oil-bearing stratum.

Tengiz has been mentioned in numerous government documents. Great material-technical resources and massive forces have been directed here. Wells were drilled. A gas processing plant was erected. A city and worker's duty-watch settlement were built. Organizations and trusts sprang up like mushrooms after a rain. It was expected that in this five-year plan Tengiz would yield 10.5 million tons of oil and an abundance of other products.

Yet for the present, the country, which has invested around 2 billion rubles into the oil and gas complex, has

not received a single kilogram of raw material from here. The enthusiasm over the scope of the project is being replaced by concern for its future.

Recently a visiting session of the Guryev Oblast Council of People's Deputies was forced to conclude that the deposit is not ready for exploitation. The projected number of wells have not been drilled, and the equipment is unreliable. A full geological study of the Tengiz region has not been performed, and all of its productive strata have not yet been exposed. What is down there, in the depths? An accident at rig No 37, whose consequences were eliminated only after 400 days and with the aid of American specialists and technology, showed how dangerous it is to venture into the waters without having explored their depth.

In the Spring of 1989 the entire world tensely watched the clean-up of the consequences from the accident of the American supertanker near the shores of Alaska. Hydrocarbons getting into the Caspian, would, in the opinion of specialists, threaten it with much greater disaster. Yet the sea is of combined interest to four union republics and to Iran.

The Caspian is encroaching onto dry land. The future and present commercial endeavors on the shore are ever more often visited by the moraine—a wind-blown wave. It is not held back by the road which encircles the Tengiz deposit, and which until recently was loudly proclaimed as a dam. The moraine easily rolls over the low sandy bed, or simply washes it away. In April of 1987 it "scooped" the oil out of the storehouse and took it away into the Caspian. Moreover, the wave visited also the operating facilities of Kara-Arna, Tereno-Uzyuk, and Tazhgali, polluting huge areas of land and water. Reconstruction work required over 34 million rubles. Last spring the waters again flooded two oil sites which were

near the shore, destroying the embankments which surrounded them. We will emphasize that the shore line is already several kilometers from Tengiz.

There is one other "bottleneck" which is apparent—the sale of the product. The development project envisioned the transport of oil to Grozny, but the pipeline for this is not ready yet. For the time being, the Minneftegazprom [Ministry of the Petroleum and Gas Industry] intends to pump the oil into the Uzen-Guryev-Samara oil pipeline, mixing it with Mangyshlak and Embin oil and thereby reducing the unique properties of each.

The problem of ethane is even more difficult. The cost of ethane alone, isolated from a ton of Tengiz oil, exceeds by three times the cost of a ton of the burned gas mixture. It was intended for the Shevchenko Plastics Plant. However, no one has yet begun building an ethane pipeline leading there. Moreover, the plant's capacities will not be able to process all of this ethane. So the decision has been made to pump this valuable product into the ordinary gas pipeline for the present time and to send it off as a gas by-product. Today everyone understands that which even a few years ago was understood by only the most enlightened and sober-minded people. The project was compiled in a hurry, without figuring all the consequences, and without considering the the opinion of the region. Those who prepared the prospectus, who made decisions at the highest level, who banged their fists on the table and rushed the builders and suppliers, those people are no longer in charge, and now there is no one to answer for the disruption in schedule. The state as a whole is accountable for everything.

And so, the assault has slowed down. Nevertheless, by inertia the work does not stop. Yet already for a year there has been a sense of loss both in the words and in the actions of those participating in the development. An outflow of specialists has begun. The people are oppressed by the unsure prospects. At the same time, the oil and gas complex itself, giving no return but taking up effort and funds necessary for solving the pressing social problems, places a heavy burden on the oblast's economy. Under the new conditions of market relations this burden will become simply unbearable for it. The budget deficit next year will comprise 320 million rubles.

After its "first run" on sulfur-free raw material, the gas processing plant will stand idle—the oilfield is not yet ready. Since domestic industry, which is in such great need of fuel, has not yet developed reliable and ecologically safe equipment, glances are cast ever more often to the West.

In short, if we want to pick at the earth with assurance of tomorrow, we must turn to foreign companies which have a good reputation. I might add that there are quite a few today who have their eye on the Tengiz pie. I had occasion to meet and speak with many foreign entrepreneurs. The consortium of the firms "Lavalin", "Litvin" and "Lurgi" was the first. It was with its help that the first lines of the gas processing plant were outfitted with

equipment, and Hungarian and Soviet specialists are performing assembly operations under its supervision. The accounts are settled in currency.

Much has been written about A. Hammer and about his corporation Occidental Petroleum, which is one of the largest in the world. In March of 1988, a protocol of intent was signed in Moscow regarding the institution of a joint gas-chemical complex, "Tengiz Polymer". Aside from Occidental Petroleum, the Italian companies "Zni" and "Montadison" showed great interest in the development of the complex, as did one of the largest Japanese trading houses—"Marubeni". The Americans were given the role of organizing the operations. The Italians have extensive experience and technology for the production of polyethylene and polypropylene, while the Japanese have an excellent knowledge of the market. Minneftegazprom has assumed the responsibility for the preservation of the land and construction of the complex.

Half of the industrial production must be exported, bringing all 5 co-owners a sizeable profit in currency, while the other half will remain in the USSR.

In the Spring of 1988, a group of foreign specialists came to Guryev to prepare the technical-economic substantiation for "Tengiz Polymer". This group was headed by P. Landolfi, who participated in the start-up of almost 40 petrochemical enterprises on the territory of the Soviet Union and has a fairly good command of the Russian language.

"I did not expect that you had done so much here," he said. "That means our project is more realistic than we might have assumed. After all, you will build this enterprise anyway, even if we do not come to an agreement. There may be differences of opinion, but the parties must overcome them. Even if we must lock the specialists up in a room and not let them out until they find an acceptable solution."

Further, the events developed not quite the way the Italian specialist had assumed. The deadlines for completing the substantiations were not met. At a meeting in Leningrad it became clear that the parties had different views of the complex's production tasks. The foreigners insisted on producing those products which we already have in abundance. The Soviet side proposed its own set of polymers. The foreign partners would like to limit themselves to semi-finished products. However, our domestic market is more in need of products made out of these materials. In general, there is still no substantiation. Judging by everything, there is still some difficult work ahead before a mutually beneficial variant is achieved.

After Occidental Petroleum, the Caspian region caught the interest of the Chevron Overseas Company, which is just as well known throughout the world. Its representatives visited Guryev in November of 1988. They studied the possibility of a joint development of the Korolevskiy oil deposit together with "Tengizneftegaz" [Tengiz Oil

and Gas]. This deposit adjoins the Tengiz deposit. It is even believed that both deposits are connected somewhere in the depths. In any case, the exploration continues. This is one of the directions in which Chevron might participate.

The protocol of intent on the creation of a joint "Sovchevroil" has been signed. Moreover, the foreign company has seen an economic benefit also in the development of Tengiz, and has proposed including it in the make-up of the joint enterprise.

In establishing contacts with Chevron, the Guryev authorities dreamed that their region would flourish. However, the course of the negotiations, which the center (Minneftegazprom) again took into its own hands, quickly put everything in its place. The oblast's interests were ignored. Not one of the 24 construction enterprises named in the agreement signed after the protocol was to be located on their territory.

The Ministry tried to secure the existing position in its conception of the changeover to market relations. The department retains the right to be in charge of the riches of the depths, the state orders for the raw materials, as well as the manufactured product. And what does the oblast get? The old exhausted oilfields with all their

problems. With their scanty yields on outdated equipment. With its settlements, where there is growing social tension due to the exacerbation of the ecological situation, the growth of unemployment among the local population, the weak public health and education base, and the shortage of housing and food products.

At the table of the recent negotiations with the Americans sat representatives of the Ministry (that is understandable: 2 billion rubles have already been invested) and the republic government. There was no room for the oblast representatives. And once again there were remarks in the press about the rosy prospects of creating industries at the expense of Guryev's oil.

"How is the dictate of the republic better than the dictate of the center?", asked Guryev Oblast Council Chairman G. Aldamzharov. "What we will get from the new agreement has not been legislatively or normatively defined. What portion of the profit will the oblast get? That is unknown."

Well, how can we help but recall the story of the peasant man and the bear, in which the clever peasant, skillfully manipulating the tops and rootlets, always left the animal outsmarted. That is the case with the Tengiz oil deposit. The one who holds the riches must have his share of the total pie.

## Experience With Privatization in East Europe Reported

### New Hungarian Law

91UF0042A Moscow *IZVESTIYA* in Russian 28 Sep 90  
Morning Edition p 5

[Article by F. Lukyanov, Budapest: "How Will Privatization Occur?"]

[Text] **The State Meeting of Hungary has passed a new law on the so-called initial privatization, by which the state plans to sell—not mandatorily into private hands—roughly 40,000 small retail trade, public catering and service enterprises.**

The proportion of state ownership in Hungary is now almost 90 percent. The government of the Democratic Christian bloc has planned in the future to reduce the share of state ownership, which functions extremely inefficiently in many sectors, by 20-25 percent, and by 50-60 percent in the next 5-6 years. So, as far as pace is concerned, a relatively smooth variant was chosen.

The concept proposed by the government and approved by the majority of the parliament, although with a mass of amendments, stipulates numerous incentives for Hungarian capital investors. Since most of the population for the time being does not have sufficient free capital at its disposal in order immediately to acquire a restaurant, cafe or, for instance, a store (primarily small enterprises employing no more than 15 people will be sold) for cash, the government plans to subsidize the Hungarian investors. According to the draft law, the buyer will have to pay one-half the cost of a restaurant or store from his own pocket, and the government will grant privileged credit for buying the second half. It plans to grant on the order of 40 billion forints.

However, it would be naive to assume that everyone who wants will be able to acquire a store or snack stand. After all, a great deal of money is needed even to pay half the cost. For instance, in certain rayons in Budapest, the cost of 1 square meter of space is 100-200 thousand forints (5-10 thousand rubles)! The average salary in the country last year was slightly over 8,000 forints a month. Therefore even a year's average salary is not enough to pay for a square meter.

Will Hungarians be able to compete with foreign buyers who offer hard currency? This is not a simple question. For the time being, the plan is to give citizens of the country some preferences. For instance, those who until recently leased the store or restaurant and have already invested a great deal of money into the business will have an advantage over others during the public auctions, at which the new owners will be determined on a competitive basis.

### Czech Trade, Service Enterprises Privatized

91UF0042B Moscow *IZVESTIYA* in Russian 29 Sep 90  
Morning Edition p 5

[Text] **Pardon me, dear gentleman, but it would be better if you came back in an hour. I realize that you have been knocking in vain at the door of our bakery. I would believe the handwritten sign, "Strike," not waiting for explanations from the familiar salesgirl, who observed the reactions of steady customers from the street.**

A wave of strikes hit in mid-week throughout Czechoslovakia. Trade workers voiced their disagreement with the preliminary draft of the law on so-called small privatization, according to which tens of thousands of small studios, stores, shops and hotels, with an overall value of 200 billion krona, are fated to become private in the very near future, to transfer into the ownership of individual people or groups. Along with another law now under discussion, the law on re-privatization, i.e., on returning 70,000 items of real property (exception for large properties) to the former owners or their successors, it could become a powerful base for reviving the country's private sector.

The strike was of a demonstrative, warning nature and lasted variously from 5 minutes to an hour. In case nobody listened to them, the trade workers threatened to hold a real strike, longer and tougher. What were they protesting, what do they fear? Above all, they are afraid that their places of work will fall into the hands of the underground rich, the currency dealers and other shady elements, from which one can expect anything.

Indeed, why should "our" store be owned by someone else? Really, has not our, the salespeople's labor been invested in its maintenance and modernization? Really, are not our, the salespeople's experience and skills higher than those of the successor of the former owner, who has never stood behind the counter? Why cannot we ourselves buy the store collectively as its owners? Yet we honest trade workers, of course, will be unable to compete against "big money," against "dirty money" in the auctions (precisely this way of implementing small privatization is being proposed and is already being tested in Czechoslovakia).

This is the protesters' logic. The newspapers and public opinion are clearly on the side of the current trade, crafts and services workers, who have maintained this sector at a wholly acceptable level.

The ChTK Agency surveyed the leaders of all the main political parties: Do they consider it necessary and fair for trade and services workers to enjoy advantageous purchasing rights? Nobody answered in the negative. The trade unions in local areas (for instance, in the Severomoravskiy "Pramen-Ostrava" Association, where 1,750 food stores went on strike) decisively supported the salespeople. The General Council of the Czech and Slovak Confederation of Trade Unions also supported them. The Ministry of Trade and Tourism tried to convince us that the strike, although a warning, was

unnecessary. After all, the prepared draft grants employees who have worked at an enterprise no fewer than 12 months before the day of auction the possibility of paying part of the cost, some (there are two versions) 45 or 50 percent, in installments. Is this not enough?

Indeed, this did not seem like enough, so they went on strike. They demanded broader rights of advantageous purchase. They tensely awaited the special conference of the federal, Czech and Slovak governments with the participation of President V. Havel.

Thursday evening, the president and the heads of all three governments appeared on television to report the results of the conference.

"We agreed that the workers ought to have an advantage," said V. Havel. "However, we argued a great deal about the methods, about how and in what it should be displayed. Some believe, first, that we should hold the preliminary round of the auction exclusively for employees of said properties, and not allow other people. The second viewpoint is that the workers' advantage should only be expressed in terms of financial privileges, as a 50 percent installment over 5 years. I supported the first proposal. However, the second won after a sharp debate."

Why? Prime Minister M. Calfa explained: "This better conforms to the principles of a market economy."

"The draft obstructs the victory of 'dirty money,'" announced the Slovak Premier V. Mechjar who, by the way, believes that not only currency speculators have such money, but also "state" greengrocers, butchers and waiters. "The draft law does not permit violation of the infrastructure of cities and villages," added his Czech colleague P. Pitgart. "For 2 years, the new owner will not have the right to change the enterprise's profile or variety of goods."

It seems, as the President of Czechoslovakia emphasized, the document that the three governments are taking to parliament now considers all aspects of this complex problem, although, of course, it also conceals certain dangers. The discussion, to which considerable attention will be devoted, will end in October, and the law should go into effect in November. Finally, real steps on the path to a market economy will become visible.

#### Efficacy of U.S. Grain Contracts Viewed

91UF0156A Moscow *TRUD* in Russian 15 Nov 90 p 3

[Article by M. Gromov under the rubric "Today in the World": "We Are Not Preserving What We Have"]

[Text] A contract is worth more than money, say the wise ones. And especially when the subject is buying goods, particularly with hard currency. Every year we are obliged (!) to buy 9 million tons of grain from the United States. Indeed, starting 1 January of next year, it will be 10. Bound by treaty, we transport foreign wheat to

Russia. But who could know that the American experts who in the spring predicted fabulous harvests in the USSR would prove right? And they certainly were not mistaken: according to data of their Department of Agriculture, more than 235 million tons of grain had been harvested from the Soviet Union's fields by early October, and of that 108 million tons was wheat.

The Americans fear being ousted from the vast Soviet market, since Canada and the European Community are reviewing the possibility of granting or are already granting guaranteed loans to the USSR for agricultural purchases. The *WALL STREET JOURNAL* reports that 4 million metric tons of Canadian wheat and 1.8 million metric tons of European wheat and flour have been acquired. But we do keep our word. Don't worry, Mr. Farmer from the United States, we will use our last dollars to buy your goods (we have already purchased 335,000 metric tons of soybeans).

But what will happen to our own "near-record harvest"? We lose up to 30 percent of what has been gathered—that is already an official statistic. We lose it because there is nowhere to store the harvest (any harvest, even one that is not a record); because there are no roads, in the normal sense of the word; because it takes 15 years for combines to get from the design bureau to the fields. So should we perhaps send our surplus to third countries in exchange for super-elevators, super-expensive machines, and miracle-combines? If we have none of our own. If we cannot harvest, transport, and store. We must break the vicious circle rather than plug the agricultural gaps with slaves from the Soviet Army and serfs from the Committee for Public Education. After all, the Americans manage not to enlist the Marine Corps or Columbia University students for the fields of Texas. And even so they not only sell wheat to us, but are even the world leaders in offering food aid. Free of charge...

Contracts are contracts, but it is time to think seriously about our own agriculture too.

#### Poland's Jaruzelski on Presidency, Country's Future

91UF0147A Moscow *IZVESTIYA* in Russian 12 Oct 90 Morning Edition p 5

[Interview with Poland's President Wojciech Jaruzelski conducted by *IZVESTIYA* correspondent L. Toporkov: "With An Understanding of Fulfilled Duty"]

[Text] [Correspondent] And so, Honorable Mister President, you are soon leaving Belweder (the residence of the RP president—ed.), or rather you are forced to leave due to certain circumstances, leaving behind, one might say, an entire epoch in the post-war history of Poland. What are these circumstances? How can you characterize the current political situation in the country?

[Jaruzelski] If you have said "a", then you must also say "b". Having embarked over a year ago on the road to parliamentary democracy, we clearly understood its

laws. Later, observing the changes occurring in the distribution of the political forces, I often noted that I do not foresee the possibility of remaining in the position of president until the end of the constitutional term. I knew that this period was temporary. And my role in it consisted of seeing that the process of deep-seated changes take place by peaceful evolutionary means.

In recent months, one could hear various opinions on the topic of the so-called acceleration. In September, a discussion was proposed in the Sejm regarding the calendar of parliamentary and presidential elections, as well as the development of the constitution. In this situation, it seemed to me expedient to propose a reduction of the current presidential term of office. Does this mean that an emergency situation has arisen within the system of state management? No. The cooperation of the president with the parliament and the government proceeded normally. Together we attained beneficial experience.

Yet life does not stand still. We must move on to the new stage. It will be ushered in by general presidential elections, and then parliamentary elections, which will make it possible to evaluate the measure of public support for individual political forces today. This is conditioned by rather difficult tasks, especially in the economic sphere, tasks which require strong political reconstruction of a state which rests on a broad social base. At the same time, the elections must clarify the picture of the Polish political scene. Today there are many young movements and parties which stand outside the framework of the parliamentary-governmental system. This is becoming the reason for their obvious nervousness. It seems the time has come for them to be subjected to public testing together with the forces which determine our country's policies.

It is unusually important for the two electoral campaigns to proceed in an atmosphere of political culture and respect for one's partner. Despite the fact that the letter of the "roundtable" is becoming outdated, its spirit and philosophy of dialogue and agreement must remain untouched. Summarizing what I have said, I may note that my initiative, which was approved by parliament, stems from a realistic evaluation of the situation, from a sense of responsibility for the political stability and the continued development of the country.

[Correspondent] Poland is already preparing for the early presidential and parliamentary elections. What was the year of your presidency like? What was done and what remains to be done from that which you had planned?

[Jaruzelski] This year was a turning point. It was a year of deep-seated changes in politics as well as in the national economy. It would take too much time and too much room to tell about these changes. In general I may say that a radical step has been taken in the sphere of democratization of the political system, and also that there has been a changeover to a market economy. These

are favorable changes. However, they are very complex, and in the socio-economic sphere they are even painful.

We are moving forward along an unblazed trail. Moreover, I may say with a certain amount of simplification that in regard to our social aspirations we are moving too slowly. Yet in regard to our capacities—we are moving too fast. As a result, such deep reforms are not without some errors and omissions. However, it is necessary to bear such expenses.

Today the main thing is to secure that which has been achieved. That is: The correction of that which turned out to be ineffective or unsuitable: The direction of energy not toward the past, not toward the summing of accounts, but toward the future, toward constructive action, and the achievement of full parliamentary democracy and high economic effectiveness.

The key problem is the economy. Bold radical reforms held down hyperinflation and led to domestic convertibility and stability of the exchange rate of the zloty, and to normalization of the market. Unfortunately, they were accompanied by significant reductions in production and reduction in the living standard of the population, as well as the emergence and growth of unemployment.

All this, as the government and most economists maintain, are temporary phenomena. In order for the organism to cure itself and get strong, it cannot be without bitter medicine. Alas, this therapy is complicated by our country's high foreign debts, the consequences of the conflict in the Near East, as well as the unification of the two Germanies, and finally the new and difficult problems in economic interrelations with the Soviet Union. I believe that these mutual relations are extraordinarily important both today and tomorrow.

Yes. Poland and the Poles are still faced with many difficult tasks. Yet there are just as many chances. I believe that through joint efforts we will overcome the difficulties and make use of our chances.

[Correspondent] I cannot help but ask a question which is natural under the new, altered conditions: What, in your opinion, is the status and the fate of Polish-Soviet relations? Some people in Poland, in my opinion, are exhibiting historical short-sightedness, taking a course toward alienation and placing in the forefront, as they say, "the account of old pains, troubles and insults". What can the republic's Eastern policy be like?

[Jaruzelski] Here I would like to express my own personal, human, point of view, as well as a political and state one. I respect, value and love the Russian people and the other peoples of the Soviet Union. I came to know them in the difficult years of the war on the home front as well as at the battle front. This attitude grew stronger in the course of the post-war period. I have many acquaintances and friends in your country.

Of course, there are different people in every society. Alongside the kind and noble ones there are also the bad and the base. These were largely formed and used by the Stalinist system. They committed many crimes and brought suffering to the Soviet peoples. Poland and the Polish people should be related also to the list of those who especially suffered. These are painful pages in history which we quite recently called "white spots". However, this need not be a cause for troubles and insults. The time of perestroika and glastnost allows us to expose the historical truth and to honestly present the problems. I especially value the fact that 3 1/2 years ago, in April of 1987, in signing the Polish-Soviet declaration together with Mikhail Sergeyevich Gorbachev, we made a principle step along this path.

I share the bitterness of the Soviet citizens in regard to the facts of the disrespectful attitude toward some of the places and symbols associated with our common struggle against the German occupationists, and with the memory of the 600,000 Soviet soldiers who died on Polish soil. I also consider all kinds of conjuncture, and especially excessively emotional and thereby one-sided rhetoric concerning the past of our countries and peoples, to be inappropriate. I have often had occasion to express my position on this matter.

On the other hand, I believe that we should not generalize or exaggerate the significance of such facts. Anti-Soviet sentiments are not the primary ones in the consciousness of the Polish community. They are, despite everything, nevertheless a by-product. Moreover, this is to some degree an incorrect form of reaction to the years of keeping quiet about the problem, to the inequality and deformations in our mutual relations. I believe that all this will pass. In a rapidly changing Europe, friendly partnership Polish-Soviet relations are very important and necessary. They are very necessary to Poland. They are necessary also to the Soviet Union, our closest neighbors—Russia, the Ukraine, Belorussia, and Lithuania. It is specifically on this understanding and actions that we must—and I hope that we will continue to—share a common concern.

[Correspondent] The Poles, as it is customary to say today, finally feel like they are in their own home. What is needed for Poland to enter also the European home?

[Jaruzelski] Poland is and always has been in Europe. Not only geographically, but also historically, in the sense of culture and civilization. The division of Europe, its confrontational character, was an artificial phenomenon which hindered the development of normal, good-neighborly relations on our continent. After elimination of the "iron curtain", and then also the Berlin Wall, and thanks to the increased East-West dialogue, a new situation arose and conditions appeared for peaceful cooperation within the scope of the entire continent. In order to affirm its rightful place in the family of European states, we must make a great effort: To ensure internal stability for Poland, and first of all to place the national economy on its feet; To correct a number of omissions,

for example at least in the system of telecommunications, banking, and environmental protection. Only a democratic, current, successfully developing Poland will be a welcome and valuable resident in the "common European home". I hope that we will build such a Poland.

[Correspondent] How do you evaluate your life's path? What is your attitude toward the decades associated with the PRZP and the period of building socialism? Do you have any regrets? Today we hear threats that the Sejm should give a legal evaluation to the martial law and acknowledge it to be illegal. It is not difficult to foresee the consequences of this. By the way, what is it that we still do not know about the martial law?

[Jaruzelski] Today it is fashionable to write off the past 45 years as a loss. This is sad to hear not only for me, but also for the millions of Poles who have lived and worked honestly for all these years. We cannot paint those years only in black tones or erase the true achievements of the post-war decades from the history of the people. I do not deny the evil, the serious mistakes, or the crimes committed in the past. I recognize the fact that the system which existed up until recent times has outlived itself and exhausted the possibilities for its development. However, this does not mean that only charred ground remains behind us. The Polish "levitsa" after World War II gave the people many valuable achievements. Need we speak of such obvious things as the security of the borders, the civilizational and cultural elevation of society, or the industrialization of the country? Let us take even the sense of social fairness which has been so deeply ingrained in the people. This is impossible to cross out. This is something which should be considered. It is no accident that Prime Minister Mazowiecki used in his speech before the Sejm an outwardly paradoxical but essentially precise formula: "A community market economy".

The idea of socialism understood in the current manner is close to my heart, an idea free of the corset of doctrine, and therefore vital, natural and true. I believe that there is a future for this idea and its humanistic essence.

As for the state of martial law... There are various speculations on this matter. If we speak in general terms, they are intended primarily to give political effect for the present moment. Efforts are being made to view extraordinary measures as being removed from reality at that time. I never shirked responsibility for the decisions which were made. I believed, and still believe, that this was a lesser evil than the catastrophic development of events which would have become a reality if the decision to impose martial law had not been made. I am convinced that history will confirm this fact.

Obviously, I regret that the domestic and foreign position of Poland at that time was such that it was necessary to resort to these dramatic steps, and that I found myself in the center of the processes which inevitably led specifically to this type of decision.

Poland today convincingly confirms the fact that the introduction of martial law did not widen the abyss which could not be overcome, and did not block reforms of the state and the national economy. Moreover, it became that science and that experience which helped us come to the "roundtable".

**What else can I regret? Perhaps only that I had to change my soldier's uniform for a politician's suit. But that was the logic of the situation at that time.**

**[Correspondent] Let us return to the beginning, to the first question. You are leaving the office of president. Yet this is not the end of the life of a politician who has the vast experience of a state leader behind him?**

**[Jaruzelski] I will answer briefly. I am not used to sitting around with nothing to do. I hope I find something also after the elections, when I turn over the office to someone else. I must interpret what I have lived through, and perhaps write about it. I believe this may be a useful and educational task.**

I would also like to take this opportunity to greet the readers of the newspaper IZVESTIYA and wish them all the best, and to wish the Soviet people success in the great endeavor of perestroika.

#### West's Reluctance to Invest in Polish Economy Examined

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in Russian 13 Nov 90 Second Edition

**[Article by V. Runov: "When Will It Become A Little Easier? Why the West Is Not Investing Money in the Polish Economy"]**

**[Text]** Production continues to decline in Poland. The decline has now reached 30 percent. The relatively high inflation rate is still being retained, the living standard of the population is declining, and the threat of renewed strikes is growing, especially on the railroads. This does not instill enthusiasm in either the authorities or the Poles themselves, notes a TASS correspondent reporting especially for SOVETSKAYA ROSSIYA.

All this is so, but there is also another side to the coin. The government of T. Mazowiecki, which has been in operation for only a year, has been able to accomplish that which no other post-war government in Poland had been able to achieve. It has balanced the domestic market: Supply now exceeds demand, which is the first sign of a normal economy. It is true, this was achieved by reducing consumption, but no one promised that it would be easy for the population.

Today the market is filled with goods. The shortage of money among the people supplies that very stimulus which forces them to work and frees that very creative energy of the masses about which they have talked for so long here. The Poles prefer imported goods, although they cost more. As a result of the convertibility of the

zloty, Polish goods are beginning to be ranked together with West German, Dutch, Italian, and... of course, they do not withstand the competition. In this connection, many enterprises have found themselves in an extremely difficult position. There is simply no demand for their production. Some are forced to reduce production, while others are on the brink of bankruptcy. The bank refuses credits, since there is no money coming in to the accounts of these enterprises.

And here everything depends on the enterprise of the labor collectives. They must seek partners, sponsors, anyone, in order to stay afloat. The process of privatization has practically not yet begun for large enterprises. The sale of fixed capital cannot begin because there are still neither the specific mechanisms for this, nor people who are rich enough to buy. Moreover, if a plant or factory is operating successfully, it would seem that there is no need for this. Why share with someone if the new legislation will give the workers the right to themselves become the co-owners of the enterprise by purchasing stock? However, this process has not yet begun.

The situation of enterprises with old technology is worse. They, as a rule, are poor, and require immediate capital investment. The green light has long been given to foreign capital in Poland. However, at present few want to risk their money in a country where the economy is barely getting up onto a market direction. Billions in credits which the governments of highly developed capitalist countries guarantee to Western businessmen are not yet being used. They are not frightened away from taking them, even though they are insured against losses. However, the businessmen want more—profits, which no one guarantees them here. Today small firms are entering the Polish market, while the large ones, as before, are adopting a wait-and-see attitude.

The problem of unemployment is also perceived differently by the Poles. Officially in Poland today there are 820,000 persons who have lost their jobs. The figure is impressive. Yet, as it turns out, it may be viewed from a different angle. Main Planning Administration Deputy Minister M. Rybitski, for example, believes that around one-third of the unemployed have not yet quite understood the category in which they find themselves, and will not accept work which they consider to be non-prestigious. Moreover, as it turned out, one out of every three of them has never worked at all, and therefore perceives the [unemployment] payment as a gift. In the minister's opinion, the unemployment payment, which comprises 350,000 zloty and is only a few thousand less than the minimal wage, does nothing to create an incentive to seek work.

Judging by everything, Poland will not leave the path which it has selected. The strategy of its economic development has been clearly defined, and the dispute now centers only around details. Even the most ardent critics of the plan presented by Deputy Prime Minister L. Balcerowicz comment only on specifics, without attacking its concept. Under the government of T.

Mazowiecki there has not yet been a single strike with political slogans, while local protests occur only from economic motives.

However, this does not mean that a lull has settled into public life. The question of power, or more precisely of its restructuring, which had seemingly been closed, is once again on the agenda. Quite recently, "Solidarnost" was a monolith social movement which had toppled the old principles. However, not even a year had passed and Prime Minister T. Mazowiecki, who received the blessing of "Solidarnost" Chairman L. Walensa himself for this office, no longer suits the latter. The government is being accused of passiveness and inability to accelerate the implementation of reforms. The Prime Minister and the Civil Movement-Democratic Movement (GD-DD) which supported him have concluded that dissent in such a difficult period might lead to disorganization of the national economy, but such conclusions are not recognized by their opponents.

The early presidential and parliamentary elections are invariably drawing near. The mood of the electorate at this moment is difficult to determine precisely, since the position of the people and the entire structure of society have changed from top to bottom. There are now rich and poor people, and there are still some people who live in dreams and illusions, although most of them live in the present day. They have experienced the pluses which have appeared in connection with the introduction of L. Balcerowicz's plan, but many see only the minuses.

The Center for Study of Public Opinion is constantly issuing predictions which place the popularity of Prime Minister T. Mazowiecki above that of the "Solidarnost" leader. However, this does not bother L. Walensa. He maintains that those who stand in power have always been first in such competitions, but that practical experience has often corrected these predictions.

Thus, the political superstructure is boiling, while the economic basis continues to develop in the given direction. Evidently, this is why the Poles are for now so patiently waiting for things to become a little easier for them.

#### Czechoslovakia's 'Velvet' Revolution One Year Later

##### SOVETSKAYA ROSSIYA Reports

91UF0171A Moscow SOVETSKAYA ROSSIYA  
in Russian 20 Nov 90 Second Edition p 3

[Article by A. Shapovalov: "To Winter From Spring"]

[Text] After the joyous shock engendered by the "velvet" revolution, hum-drum routine has set in for Czechoslovakia.

There is no sense of elation in Czechoslovakia, which on 17 November celebrated the first anniversary of its

"velvet" revolution. On the contrary, as the independent newspaper LIDOVY NOVINY noted, insecurity and dissatisfaction of everyone with everything prevails in society. There is much evidence of the fact that something is really wrong in the Czechoslovak house.

Perhaps this is why the concerned American administration has presented an initiative to mark the anniversary of the "velvet" revolution with a visit by G. Bush to Prague, and half a day earlier—by J. Baker. The USA has announced that it now views the CSFR as part of the free world, while the Czechoslovak side called the visit by the American president a great day. We might add that this was the first such visit in the republic's history.

According to the idea, and by all rights, 17 November should have been a holiday primarily for the students and the youth, those who were active participants in the meetings and demonstrations on Vaclav Square. But the students have distributed an appeal which explains their position. There is no cause for celebration, says the document. This is not a "velvet", but a stolen revolution. The society is not being fully and accurately informed about the policy of the ruling circles. One of the main demands of the students—to investigate the events of 17 November of last year—has not been fulfilled. The investigation has come to a dead end.

Of course, we can understand the bitterness of the young people. Obviously, a year ago they did not suspect that everything would turn out so unfairly. Immediately after the revolution the students were told: You have performed the role of a safety fuse. Now take a rest, and then seriously embark on your studies, especially the study of foreign languages. It was only on the eve of the parliamentary elections that they once again remembered the young people. They needed someone to post leaflets and proclamations and help in the electoral sectors. Then they were once again forgotten.

There are differences of opinion also in the most massive and influential political movement in the country—the "Civic Forum". Some believe that the differences of opinion and regrouping of forces in the "CF" is a reflection of the shifts to the right in the society itself. Others believe that the impetus for this process was given by the CSFR president, who in August called for implementing the "second stage of the revolution", which amounts to an elimination of the old (communist and pro-communist) structures at the mid-level and at the local level. However, this is not eagerly being performed everywhere: The former guard is a convenient scapegoat. It can always be blamed for one's own errors and miscalculations. Still others maintain that the direction to shift to the right came from beyond the ocean. In early Fall a number of Czechoslovak publications reprinted an article from the journal NEWSWEEK, in which dissatisfaction really was expressed about the fact that it is still unclear whether there will be a departure from Soviet communism in the countries of Eastern Europe in general and in the CSFR in particular.

In the CSFR, today's leaders hold different views primarily on how they should introduce the market economy. And President V. Havel cannot decide to which of them he should grant preference. After the revolution, communist state planning still remains untouched. The journal pointed out that Eastern Europe must quickly decide what it wants to be.

However, it is not easy to decide. New, at times burning, problems are being born and becoming apparent. One of them is the extremely acute situation in Slovakia, where certain political forces proclaimed 17 November to be the day of proclamation of the republic's independence. In the Summer, when the young people buzzed at the gates of the Soviet embassy, demanding verbal or non-verbal approval by the CSFR leadership on granting independence to Lithuania, evidently no one thought how quickly the trouble would creep also to the banks of the Danube. They use every way possible to explain what is going on there today, accusing the Slovaks of chauvinism, separatism, and anti-semitism. Most often a biased and one-sided approach dominates, which naturally excludes in-depth analysis. A member of the Slovak National Council and of the coordination center of "Society Against Violence", P. Tatar, believes, for example, that dark forces and old structures are to blame for the worsening of the situation, those who quite recently were communists but today bear the emblems of the Slovak National Party. The demagogic style of their thinking and political actions, he says, is well known.

It is an old tune. It is not only in Slovakia that they seek out the enemy on whom it is convenient to lay blame for one's own woes. They thirst for sensations and denunciations. In late October, the EXPRESS, which was considered to be a street newspaper, suddenly involved itself in the holiest of holies in politics, publishing extensive material which told about who prepared the "velvet" revolution and how. It was the diplomatic missions, the international organizations of the USA's western allies which headed up the organizations speaking out in Czechoslovakia against the "totalitarian" (not recognizing perestroika) regime...

This publication exploded like a bomb, forcing many political leaders to worry, including the country's highest leadership, and abroad, perhaps also those who popularized the thesis that the revolutions which had taken place last Fall in the countries of Eastern Europe were indeed people's revolutions. The authorities, primarily in the person of the CFSR President's Press Secretary M. Zhantovskiy, was, it seems, in a hurry to react to the article in the EXPRESS, calling it "fascist". An opposite effect was immediately achieved—people began avidly reading it. In Slovak, as well as in Czech publications, materials appeared about the Masons and about the fact that Masaryk, Stefanik and Benesh were members of this organization. They had promised to make Czechoslovakia into a major center for promulgation of the Mason ideology throughout all of Central Europe, and on the day of the first anniversary of the revolution the Great

National Lodge would be officially instituted in Czechoslovakia. The opening of a lodge of Freemasons is also pending in Bratislava, where it is already registered.

The parliamentary commission invited the author of the article, M. Dolejshy, to present his evidence. He, in turn, submitted a 45-page document. In addition, all the expose material brings this number to 1,000.

In general, however, the question is not one of the Masons. As V. Bartoshka, a student, member of the commission to investigate the events of last November, and author of the book "Semi-Clear", noted in an interview with MLADE FRONTA DNES, the investigation has reached a dead end. Things have become not only semi-clear, but altogether dark.

I foresee the regular question: Is it really true that everything is not working out in Czechoslovakia? Why, no. After the revolution, noted the newspaper LIDOVY NOVINY, we eliminated the outside force which hindered the search for sense and truth and strived to carve us into interchangeable semi-finished products. Here, it seems, everything is clear. With the departure from the Soviet Union, Czechoslovakia has attained external freedom. Today it is also not lacking in domestic freedom: It seems that you may say and write whatever you want... It is another matter that your voice will not always be heard, or what you have written may not be printed. Food prices have risen and will continue to rise. Prices are being raised—sometimes quietly—on industrial goods. According to the statistical administration data, the growth of prices will comprise 20 percent before the end of the year, and inflation will increase by 40-50 percent. No one knows for sure what will happen after 1 January of next year. As we know, life consists of everyday, petty things.

Recently the Bratislava PRAVDA recounted the following case. A son comes home from school and says: "Mama, the library which used to be nearby is no longer there. Now it is Pan Frantishek's bar". The mother could only shrug her shoulders. What were her sons—a student and an elementary school pupil—to do now. But what is the use? Today, those who are putting together capital and energetically realizing the adopted program of small-scale privatization have no use for sentiments. Large-scale privatization is next.

The tumultuous, joyous shock engendered by the rapid and unforced revolution has evaporated. And the wonderful tempting hope that life has changed forever and will continue like endless good fortune has faded away and turned into a commonplace illusion, notes the newspaper LIDOVY NOVINY. Most of the people have understood that little has changed in their everyday private lives. The one who in the November days of last year promised to "build a better and fairer society" has, as so often happens with many politicians, made a great tragic mistake. Nevertheless, the disenchantment and apathy which have gripped society have not touched its intellect. It continues to fight, trying to understand and

explain what is happening. All sensible people, writes the trade union newspaper PRACE, are today asking when real leaders will come to replace the politicians and bureaucrats of provincial caliber, when party wisdom, discretion, and circumspection will find civility.

Fall has come, writes the newspaper SVOBODNE SLOVO. A neighbor says: There it is—your revolution. Today the political situation is really changing by the hour. It should be commented upon, explained and clarified. But where are the political parties? Some, not having a program and having lost the elections, are in fact disappearing. Others, those who have won the elections but have been unable to work out a sensible program, are in fact disintegrating. The press writes about what Minister of Finance Klaus and predictor Zeman are thinking. Every week there is a radio interview with the president of the CSFR. Yet today this is clearly not enough. Today, concludes the newspaper, we need the voice of the political parties. Otherwise the coming winter will be severe.

Disenchantment and recognition of the fact that it was not only the young people who were fooled, that the march to Europe is not an easy one, that to be in the opposition is easier than to rule and specifically decide everyday matters, that there is no assurance of tomorrow—these are the traits of the "velvet" revolution's first anniversary. Yet only the first steps have been taken on the ladder which, we must assume, has more than one rung.

#### IZVESTIYA Correspondent's Dispatch

91UF0171B Moscow IZVESTIYA in Russian 20 Nov 90  
Union Edition p 4

[Article by L. Kornilov, IZVESTIYA correspondent: "Democraturation" Prague-Style; Thoughts on the First Anniversary of the "Tender Revolution"]

[Text] A revolution may have its ups and downs, flows and ebbs, zig-zags and victorious straight lines. The "tender revolution" in Czechoslovakia, whose first anniversary is being celebrated during these days, is no exception. At first the Czechoslovak revolution, in the opinion of many, defined the course of our democratization and reorganization and, we must admit, in some ways that was the case. But the pause at Vltava which has dragged into the Summer-Fall period has placed many things in doubt. And in general, is it really so simple, so quick and direct, this complex process of transition from totalitarianism to democracy?

Such a competent and acutely sensitive CSFR citizen as Vaclav Havel has begun to manifest growing concern. In an interview with the Italian newspaper REPUBBLIKA, the Czechoslovak president announced:

"Things are going too slowly, and the people are justifiably impatient. There is a definite scepticism, a certain passiveness. We have held free elections, opened the

borders, and the press may write with absolute frankness. Yet in everyday life, especially in economic life, little has changed". What is the matter? In the opinion of the president, the reason is clear: The resistance of the so-called old structures has turned out to be stronger than could be imagined. And the problems which must be solved are more complex and more delicate than they appeared in the first moments of the revolutionary euphoria.

The well-known Czechoslovak professor and social-democrat Ivan Svitak calls this historic moment "democraturation". Part of the social space has already been won by democracy, and part is still in the power of the psychology and methods of the dictatorship.

The aspects of the question are also well known to us. The adherents and activists of the administrative system, having entrenched themselves in the stockholding companies or in the farm cooperatives, speak out with words in favor of changes, but in their deeds—they put sticks into the spokes. They are aided by the "nomenclature brotherhood", or mutual guarantee. No one of the "formers" will allow any other one to perish, each one will help the other in the cause of quiet sabotage and delay of transformations. Is such a picture realistic as depicted in the Czechoslovak mass media? Of course it is realistic, just as the unpredicted complexity of the problems is definite.

It is not difficult to blame all the troubles on the "nomenclature brotherhood". It is much more difficult here to separate the grain from the chaff, the "totalitarian" from the specialist or the capable leader, and intentional sabotage from forced lack of freedom in the grips of hardened directives. Ultimately, mutual guarantee may also be elementary mutual aid and decency, when an old comrade helps find a job for one who has been fired and cannot be hired for another job for various (including unfair) reasons. Whatever the President and his associates say, there emerges the danger of a "witch hunt" at the local level, in the countless collectives where, as in olden days, they are "always right"... And the complexity of the problems? Is it not true that the reference to it is also a convenient way to hide someone's resistance to change? Where is the truth, and how can we define it?

Parliament tried to do this by adopting a law on expanding the list of leadership positions which were to be filled by appointment from above. The law was adopted, but how can it be implemented? Many ministries decided that, in order not to subject themselves to needless suspicion, they should foist off the worries and concerns onto the "Civic Forum" currently ruling in the country. Let their organizations choose the leaders, they said, and we will merely ratify them. Much like it was in recent times, when they hid behind the back of the Czechoslovak Communist Party... However, the "forum" does not agree. What is this, sirs, that you in the ministries and departments are shirking personal responsibility? The contradictions of the times, the clash

of the old and the new, as we can see, themselves give rise to such a course of events and are themselves reflected in it.

Svitak clearly outlines the problem for the CSFR: Even though the year of the "tender revolution" brought unquestionable benefits (the creation of a foundation for a democratic state, the real introduction of civil freedoms and steps toward Europe), nevertheless "all four governments"—the federal, the Czech, the Slovak, and the president's office—"have decided not to enter into the democratic revolution, but rather to continue making the temporary velvet compromises with the cancerous tumor". The professor is referring to the totalitarian system, the cells of the former regime which on the outside have supposedly been destroyed.

What is this, a certain specific, peculiar trait of Czechoslovak democratization? Not at all. "There are plusses as well as minuses in the developments of recent months in the CSFR, and they are primarily the expression of changes on the global and European scenes." However this does not mean that it is permissible to let everything go by its own course. It is necessary to act. "To destabilize democratization means to stabilize democracy". These were the words with which I. Svitak concluded his speech at the meeting of the Social-Democrats Club in Karlovy Vary.

The longest to remain in the "democratization" was the economy. At first, it seemed that parliament was dragging its feet. But now the law on reparations, the law on "small-scale privatization", and the scenario for economic reform have been adopted. Along with this, the price of freedom has not yet been paid, and the old directions and so forth continue to function. In our country this is called "sitting on two chairs". V. Havel used the expression: "You cannot be half-way pregnant".

Half-pregnancy gives birth to half-anecdotes. "Half"—because there is little that is funny about them. Or perhaps the half-jokes simply reflect the half-time? They say some gentleman, seeking social protection, crawled around on his knees in front of the government building in Prague and ate the grass on the lawn. What did Minister of Finance Klaus give him for dinner instead of money? One single koruna, so that he could buy himself a trolley ticket and go to the outskirts of town, where the grass was better.

However, if we speak seriously, most people understand that it is impossible to do without difficulties in making the leap to the kingdom of freedom and market. Here the opponents of change find themselves not only in the country of the former and concealed nomenclature. On one hand, the administrative system has also considerably weakened the muscles of the workers. On the other, the raging of democracy has pumped up the muscles of individual leaders of an extremist persuasion. They perceive V. Havel's words about the need for a "second revolution" in an entirely different manner than does the CSFR president.

"The purpose of the overthrow of 17 November 1989 was to preserve socialism!", announced M. Sládek, the chairman of the extremist republican party, at a press conference. "There was a conspiracy between the "Charter-77" and the CPC. Today all the power in the country is concentrated in the hands of several family clans. All the current deputies and ministers are merely the arm of the communist conspiracy. We demand extraordinary parliamentary elections! On 17 November 1990 we want to repeat last year's revolution, but this time it must be real, not like that rehearsed play.

For many the taste of freedom turned out to be too intoxicating. And the intoxication does not pass for a long time. Could it be that this is also one of the regular properties of democratization, when the psychology warped by totalitarianism is in no hurry to change for the better but, on the contrary, seems to continue its ruinous race toward embitterment, envy, and egocentrism? Of course, in Czechoslovakia this is not manifested in such harsh and massive forms as in our Homeland, but the crime rate is also growing, and for their ambitions and interests some here are ready to fight with the President himself, without waiting for either the coming of the market or the "second revolution" which they have been promised.

Trust in political forces is declining and loathing of any party-political organization is increasing. According to the latest sociological surveys, even the "Civic Forum" is losing popularity. But it is not alone. Practically all parties, from the CPC to the Christian Democrats, are losing the public opinion points which they won with such difficulty in the June parliamentary elections.

We will not speak here of the national question or of the fates of the Czechoslovak federation. This requires individual examination.

At the end of the first year of the revolution, the "Havel command" has undertaken new, truly revolutionary efforts. They are quite decisive and quite harsh. At the same time, the Czechoslovak leadership had enough self-control to approach them with proper caution.

There is no doubt that the "Havel command" is a strong stabilizing factor in Czechoslovak society today. This is ensured also by the personal qualities of the President, his high moral and intellectual authority, his capacity for work and mobility, and finally, his understanding of the inadmissibility of excesses, persecutions, and totalitarian methods.

We must believe that the beginning of the second revolution really is coming in Czechoslovakia. Of course, not the one which was promised by Pan Sládek, and not even that about which President Havel spoke in referring to the complete and ultimate eradication of nomenclature, but rather a true revolution of ownership. No one here has any doubts that the first fruits of the so-called "small-scale privatization" will begin to mature immediately, and the "large-scale privatization" is next in line. The draft law has been prepared by the government.

It is true, the Federal Congress has put off discussion until January, but the delay immediately evoked public dissatisfaction.

### Debate Over Confiscation of Czechoslovak CP Property Reported

91UF0198A Moscow *PRAVDA* in Russian 26 Nov 90  
Second Edition p 5

[Article by A. Borisov and V. Viktorov: " 'Revolutionary Legality' or the Law; An Inquiry into the Confiscation of CPCZ Property"]

[Text] At the suggestion of the administration, the Federal Assembly of the CSFR passed a law on the confiscation of Communist Party property without compensation on the eve of the anniversary of the Czechoslovak "gentle" revolution. This was done hastily, without adequate discussion in all committees, and with other violations of the Czechoslovak parliamentary procedure for the consideration of bills. It was an event unprecedented in the country's history, an event which is certain to arouse interest throughout the world, and it was a move that was—quite frankly—politically dubious and legally untenable.

The facts of the matter are the following. The Communist Party of Czechoslovakia, which was the monopolist ruling party until November 1989, controlled and used property worth around 12 billion korunas. Around half of this property belonged, strictly speaking, to the state, and not to the party, and this is why the CPCZ returned it in the first half of 1990. Besides this, by 31 October the Communist Party had turned over buildings, hotels, vacation centers, and other facilities worth more than 4 billion korunas to the state without compensation. As a result, its remaining property was worth only 1.9 billion korunas.

Before the administration's bill on the nationalization of party property made its appearance, the CPCZ declared its willingness to give up most of what it still had to the state. After this it would have retained "real estate and movable property" worth around 400 million korunas. This was approximately 3 percent of the property it had originally had. This was all the CPCZ leadership felt it needed for the normal operation of a legal political organization with 750,000 members. This could not be called an excessive demand, especially in view of the fact that government experts calculated that the CPCZ had acquired at least a billion korunas' worth of property with membership fees.

The opponents of the bill had serious legal arguments to counter the administration's justifications. Above all, the bill is inconsistent with a constitutional amendment adopted just half a year ago.

Furthermore, the Czechoslovak administration substantiated the bill with calculations estimating annual allocations of around 1.3 billion korunas from the budget of state agencies to cover expenses connected with party

political instruction, the activities of the workers' militia, the use of the government telephone network by party committees, and other costs. In the last 20 years these expenditures amounted to the impressive sum of 26 billion korunas, but it has no connection whatsoever with party property.

In spite of all the political and moral objections to the earlier practice of awarding the CPCZ sizable subsidies, including indirect ones, there is no getting around the fact that this was done on legal grounds from the standpoint of the laws of that time. The financing of party activity by the state cannot be called unlawful either in itself. Incidentally, the current Czechoslovak administration has already announced its intention to cover part of the financial and material requirements of political parties and movements with state budget funds.

Another statement employed to substantiate the need for the bill, the statement that the property the CPCZ voluntarily turned over during the year had been accepted by local government agencies in a disorderly and "haphazard" manner, could hardly be called convincing either. Does this mean that the CPCZ is to blame for the unsatisfactory work of new local government agencies?

Furthermore, the references to the need to equalize the property status of political parties and movements are completely invalid from the legal standpoint. The attempts at forcible equalization seem to have been extricated from an arsenal that was refuted long ago by all contemporary human experience.

Then why were all the valid arguments and common sense disregarded, and why did "revolutionary fits" and "legal nihilism" prevail in this case in a country with fairly high political and legal standards? The answer seems obvious: The regime is trying to hit the opposition below the belt through the parliament, where it controls the overwhelming majority of seats. Its goal is to drive the opposition over to the sidelines of public affairs and to accomplish what it could not do in the political struggle during the elections, when the CPCZ lost, but still managed to remain the second-strongest party in the parliament. It is no coincidence that the bill was introduced at the height of a massive anticommunist campaign, complete with demands for a ban on the CPCZ.

The passage of the law aroused protests in the country. Chairman P. Kanis of the CPCZ sent the Council of Europe and communist, leftist, and democratic parties on the continent a letter explaining the position of the CPCZ. In an attempt to solve this problem by constitutional means and a political agreement, the CPCZ, P. Kanis wrote, proposed the establishment of a parliamentary commission to decide how much property a political party needed for its operation. It also proposed that all remaining property be turned over to the state before the end of 1990, but this proposal was ignored.

The law parliament passed, the CPCZ leader went on to say, is inconsistent with Article 9 of the constitutional

law allowing the restriction of rights of ownership and other property rights only in the public interest and only for compensation. This suggests that the bill is an unequivocally undemocratic and unconstitutional instrument, drafted for the purpose of weakening the legal opposition leftist party in every way possible just before the upcoming communal elections and for the purpose of restricting and ultimately paralyzing its activity. It appears that the desire for political revenge against a party supported by 1.5 million voters in free elections is clearly prevailing over the constitutional principles approved by the Czechoslovak parliament this spring.

In spite of the difficult position the CPCZ is in today, even after it has become a new type of party as a result of reform, it is fully determined to continue striving consistently for democratic development, the CPCZ leader said in conclusion.

The situation with regard to Communist Party property in the CSFR is raising many questions. Will the Czechoslovak society become more democratic after it has undermined the bases of the parliamentary opposition's normal operations? Can expropriation and the setting of "revolutionary" standards produce the kind of rule-of-law state the Czechoslovak people wanted when they got rid of their authoritarian regime?

These questions must bother genuinely democratic forces in the country, regardless of their personal attitudes toward communists and socialist values.

#### **Yugoslav "Union of Reformist Forces" Created**

91UF0131A Moscow *IZVESTIYA* in Russian 4 Nov 90  
Union Edition p 5

[Article by Ye. Vosstrukhov (Belgrade): "Will the Union Promote Yugoslav Reforms? The SFRY Premier Establishes an All-Yugoslav Political Movement"]

**[Text] A new mass movement has been established in Yugoslavia to defend the current political and economic reforms in the federation. Its official name is the Yugoslav Union of Reformist Forces (SRSYU).**

In contrast to many other national and republic parties and movements, public groups, and associations (according to forecasts, there will be several hundred by the end of the year), the SRSYU is an all-Yugoslav organization. Anyone who wishes to defend the fundamental reforms in the society can join the union, including whole work teams and other parties and movements supporting its program.

The fact that the Union of Reformist Forces was created by the head of the Yugoslav administration, Ante Markovic, is probably another of its extraordinary features. At first, this gave rise to many comments and even to false rumors. The prime minister and his cabinet, some people said, should concentrate on their main duty of

heading the executive branch and not waste time "playing political games." Others suggested that "Markovic needed his own party to stay in power and keep the premier's seat as long as possible." Furthermore, everyone still remembered what he said on that January night this year when the special congress of the League of Communists of Yugoslavia was interrupted for such a long time under dramatic circumstances, and the party itself effectively ceased to exist as the only all-Yugoslav political organization. When reporters asked Ante Markovic what would happen to the country, he replied calmly: "Yugoslavia will function with or without a party!"

Only a short time later, however, the head of the administration felt the need to establish a union of supporters of the current reforms and to form a coalition of all progressive forces. Markovic took this step not as a leader invested with governmental authority, but as an ordinary Yugoslav citizen who had won the right to form an organization of people holding the same views on the basis of the new federal law the SFRY Federal Assembly recently passed on political parties.

Markovic forbade his supporters to conduct the union's affairs in the building where the government does its work. The Yugoslav leadership's policy line of de-politicizing government bodies did not change. The dynamic stage of the movement's formation, however, began behind the walls of the Federal Executive Council (the administration). Inaugural committees began performing organizing functions in all republics and autonomous territories. Announcements of the union and its program and the registration of active supporters of the reforms were conducted in the cities.

Within a short time, more than 2 million citizens had joined the Union of Reformist Forces, and not only on the basis of individual membership. An all-Yugoslav bloc of the parties and movements supporting the policy of reform and advocating a unified democratic Yugoslavia began to take shape in a country tortured by inter-ethnic conflicts and inter-republic clashes. Around 400 of the new union's inaugural committees have already been formed on the local level, and republic committees are active in Montenegro, Macedonia, and Bosnia-Hercegovina. In Montenegro, for example, socialists, social democrats, communists, liberals, and members of many other parties and public associations joined the government coalition. The government bloc's program is even supported by some movements with nationalistic leanings.

As M. Klarin, the head of the union's information sector, said when he was interviewed by VJESNIK, the Union of Reformist Forces of Yugoslavia will take an active part in the coming parliamentary elections. The union will also be active in general elections in the republics. The accusations that the federal government's program of reforms has no clearly defined political goals, M. Klarin went on to say, can be considered groundless. "We must not forget that there would be no multi-party

elections in Slovenia and Croatia without the changes in the sociopolitical life of our society, which were initiated by the federal administration. The Union of Reformist Forces is trying to avoid making any premature statements about the future state structure, because first we have to decide whether Yugoslavia is a federation or a confederation. Without getting into the debates—which could lead to an impasse and inflame emotions—we advocate a search for specific points of agreement and the definition of the principles of the new alliance of Yugoslav peoples. After this we can begin building a new Yugoslav model on the statewide level.

"The Union of Reformist Forces advocates effective policy based on the market principles of economic management, a single national currency, and active participation by a unified Yugoslavia in European integration processes, because other developed countries want to cooperate with a united state, and not with the "units" which no longer belong to it. We see the future of the country," M. Klarin stressed, "in the establishment of a multi-party system, parliamentary democracy, and the principles of a rule-of-law state and in the expansion of the rights and freedoms of the individual, regardless of his nationality."

Some republic leaders interpreted Ante Markovic's initiative as an attempt to undermine their authority, suddenly viewing him as a future campaign rival, and as an extremely serious and "dangerous" rival at that. It may have been a coincidence, but the federal administration and its line of reform began to be criticized in the republics soon after the birth of the new union was reported. Prior to this, Markovic was the most authoritative and respected leader in the country. Within 9 months after the election, his cabinet had made perceptible progress in carrying out economic and financial reforms. Yugoslavia was the first country in Eastern Europe to achieve the convertibility of its national currency and stop galloping inflation (IZVESTIYA gave this detailed coverage in August in a series of reports entitled "How the Dinar Became Convertible"). The prime minister was being praised everywhere, in every single one of the six republics. Some people even used the press to suggest him as a candidate for the highest honors.

Now everything has changed dramatically. Markovic has become the target of increasingly severe criticism and attacks. The chairman of the Federal Executive Council is being accused of every possible sin—by the "right" and the "left." The Union of Reformist Forces is being called "the weapon of a power-hungry premier who wants to hang on to his seat at any cost." Markovic is being accused of "speculating on an indivisible Yugoslavia, which no longer exists." The premier is not only being attacked for forming "his own party." People have taken a sudden dislike to his program of financial, economic, and other reforms, which did not arouse any particular doubts or objections in anyone yesterday and which was supported in all of the republics and approved by the deputies of the SFRY Federal Assembly.

Now people are saying that the administration programs are faulty and harmful and will ruin the national economy, destabilize the society, and lower the standard of living. The first to oppose the administration's measures in the economy were Slovenia and Croatia, which decided to pursue their own "national policies" in all spheres, including economics. The federal government's plans for a single market and currency and a unified Yugoslavia became an obstacle in the pursuit of their own reforms.

The most surprising development, however, was that even internationalist Serbia, which had staunchly defended the principles of the Yugoslav federation and advocated the preservation of the integrity of the multi-national state, suddenly also attacked the administration's line, thereby creating an unofficial united anti-government front with the "separatist republics" of the northwest. As VECERNJE NOVOSTI reported recently, Croatia, Serbia, and Slovenia have formed an unofficial economic coalition, with views diverging from the administration's position on key issues in the development of the Yugoslav economy, especially the issues of property and the determination of property ownership. All three of the largest and most highly developed republics already have their own programs for the reform of property and production relations.

The criticism of the administration line is "backed up" (but without valid cause, in my opinion) by the latest difficulties in carrying out the policy of economic reform. The transfer to the principles of a free market reduced industrial output. This is quite understandable. Output has decreased by 10 percent since the beginning of the year, and in some republics the decrease has been even more dramatic. The prices of many goods are rising in connection with recent objective difficulties—the unprecedented drought and crop failures, the reduction of oil deliveries, and the rising prices of various types of fuel. The problem of inflation, which seemed to have been solved, is back: The rate was over 7 percent in September. The most "unsettling" factor in the economy, however, might be all of the different ethnic conflicts and mutual accusations and fights among republics, which do nothing to promote the growth of labor productivity and the reduction of unemployment. As SLOBODNA DOLMACIJA remarked recently, the "seizure of power" by the republics is undermining the administration's authority and diminishing the chances of carrying out the anti-inflationary program and the reforms instituted for other purposes. The proposed confederate structure of Yugoslavia will effectively take the federal administration out of the picture. It is probable, the newspaper concluded, that new reforms, new programs, new ideas, and new people will be required before the end of this year....

Even in this atmosphere of economic difficulties and political attacks on collectively chosen measures, the federal administration has no intention of giving up its

plans. It has announced that the crisis-resolution program will be carried out unconditionally. The administration's domestic policy is still supported by authoritative international organizations, such as the International Monetary Fund. Yugoslavia has been promised new sizable credits for the continuation of the reforms. Therefore, despite the difficulties, the cabinet of Ante Markovic and the Union of Reformist Forces will continue their struggle for radical reforms in the country.

#### **USSR-Yugoslav Contract To Restore, Reconstruct Lenin Library**

91UF0131B Moscow *PRAVDA* in Russian 7 Nov 90  
Second Edition p 4

[Article by D. Gorbunsov: "Can the 'Leninka' Be Saved?"]

[Text] A contract with the Yugoslav Intereksport firm was signed the day before yesterday in the USSR Ministry of Culture in Moscow on the restoration and renovation of the State Library of the USSR imeni V.I. Lenin.

Everyone has heard enough about the pitiful fate of the country's main "book center," which has recently faced the threat of demolition. Everyone has also heard enough suggestions on ways of saving it. The debates have been particularly heated in the last 3 years. *PRAVDA* has also made several specific suggestions.

"I am pleased to say that the arguments have finally led to real action," said USSR Minister of Culture Nikolay Gubenko, member of the Presidential Council. "Now that an agreement has been reached, our impatience is quite understandable: We wish that the restoration of the unique library had begun yesterday."

Incidentally, Nikolay Gubenko himself did not follow the example of his predecessors in this high office and has proved to be probably the most consistent and zealous fighter for the rescue of the country's national library. It was no coincidence that the policy statement he made when his appointment as union minister had been confirmed listed the restoration of the "Leninka" among his primary objectives.

The contract calls for the remodeling and restoration of the library's existing buildings and the installation of modern equipment there in 1991-1996 without restricting readers' access to the buildings.

The plans envisage the incorporation of an electronic filing system, the installation of an automated system for the delivery of books to the reading rooms, and the enlargement of the library's publishing facilities and the premises for the restoration and storage of library collections. One of the main points in the contract concerns the creation of comfortable conditions for library personnel and readers. All of this will finally put the Lenin Library, our national property, on the same level as the world's better-equipped libraries.

"The main thing now is to begin the work without delay, so that everything can be done on schedule," said Grant Grigoryan, chairman of the Soyuzvneshstroyimport Association of the USSR Ministry of Foreign Economic Relations (he signed the contract on behalf of the Soviet side).

General Director Slobodan Sharinats of the Yugoslav Intereksport firm, whose signature also sealed the agreement, promised that the work on the "Leninka" would be of the highest quality and would be completed by the beginning of 1996.

"We are fully aware that we are being entrusted with saving one of the greatest libraries in the world," stressed M. Veres, Yugoslav ambassador to the Soviet Union. "Our builders will treat the Pashkov edifice, Bazhenov's famous structure, and each of the modern buildings of the library complex with the deepest respect."

We would certainly like to feel as confident as the ambassador and the Yugoslav builders, but we have to face facts: Our Soviet specialists will be working on the restoration of the "Leninka" along with the Yugoslavs. The famous Pashkov building, for example, is being restored by the Soyuzrestavratsiya Association. Unfortunately, it is doing the work extremely slowly and badly (according to reports in many newspapers). This naturally makes us feel anxious. Soviet builders are also working on other library projects. Furthermore, the general contractor there is the Mospromstroy Production-Construction Association. The Tretyakov renovation project already showed us what a sad experience this kind of "cooperation" by Soviet and foreign specialists can be. We can only hope it will not be repeated in the work on the new contract.

#### **Union of Serbian-Russian Friendship Formed in Yugoslavia**

91UF0131C Moscow *SOVETSKAYA ROSSIYA*  
in Russian 7 Nov 90 p 5

[Article by M. Ovcharenko (Belgrade): "Always Together; Serbian-Russian Friendship Society Founded in Yugoslavia"]

[Text] The constituent assembly of the Serbian-Russian Friendship Society last Saturday was not the central event in the strained political atmosphere of Serbia, the largest Yugoslav republic, which is getting ready for its first multi-party elections. No other party, civic association, union, or public organization, however, has recently been able to attract such a representative group of members and guests. Prominent Yugoslav scholars, writers, artists, and representatives of the Serbian Orthodox Church, united by feelings of sincere affection for the Russian people, respect for their history, and love for their great culture, came to the Sava Congress Center in Belgrade.

"The creation of a friendship society was first suggested this summer by members of the Serbian intelligentsia."

said well-known historian Nikola Popovic, the head of the organizing committee. "The centuries-old bonds uniting the two fraternal peoples were based on their common Slavic origins, their common interests, their similar languages, and the Orthodox religion. The Serbs remember the help they received from volunteers from Russia during the years of national revival and the struggle against Turkish control in the 19th century. Our people fought fascism side by side, and fresh flowers can always be seen on the graves of the Red Army soldiers who died during the liberation of Yugoslavia. Generations of Serbs were raised on the best works of Russian literature, and each family has books by Tolstoy, Chekhov, Yesenin, and Sholokhov in its home library."

"The Serbian-Russian Friendship Society," said Academician Pavle Ivic, renowned Slavic scholar and head of the society board, "wants to expand the multifaceted relationship between Serbia and the RSFSR. The sections of the society will work toward this goal exclusively on the public level."

Poetess Desanka Maksimovic was elected honorary chairman of the board of the Serbian-Russian Friendship Society.

#### New Soviet Ambassador to Romania Interviewed

91UF01674 Moscow KOMSOMOLSKAYA PRAVDA  
in Russian 14 Nov 90 p 3

[Interview with Felix Bogdanov, Soviet ambassador to Romania, conducted by Ye. Kalyadina, KOMSOMOLSKAYA PRAVDA special correspondent: "Is It Frightening To Be Ambassador To Romania?"]

[Text] As we know, people are judged by the way they dress. My Romanian colleagues admitted to me that they judged the new Soviet ambassador by... his automobile. After the imposing "Chayka" of the past, which by its appearance instilled trepidation before the might of the Soviet state, the elegant and businesslike "Mercedes" made a favorable impression on them. The "Chayka" was sent back home along with its owner—for a well-deserved rest.

Yet was it for work that the former Komsomol leader had been at one time sent to Romania, as were his other colleagues commissioned to the "fraternal" countries? More probably it was for rest. Otherwise, it would have been unlikely that the East European changes would have hit us as they did, like a bolt out of the blue.

And now our new official representatives have come to a new, no longer "socialist", no longer "fraternal" country, but simply to Eastern Europe. Now, thank God, these are not retired Komsomol and party leaders, but real professionals. In Romania this was Felix Petrovich Bogdanov—a diplomat with 32 years experience. Beginning in '58 in Hungary, then in the Ministry of Foreign Affairs, Africa, the Diplomatic Academy, once again in Hungary, again in Africa, then in Brussels, and from there to Bucharest.

[Correspondent] After a well-fed, satisfied Europe, how do you feel coming to half-starved and troubled Romania? Are you able to understand what is really going on in a country where, it seems to me, the truth is very difficult to find?

[Bogdanov] In fact, we have yet to find this truth. Yet Moscow demands objective information from us. Before it was quite unnecessary. It was important only to fit into the directives which existed within the MFA.

The situation in Romania is really very complex. All the lava of passions has not yet come to the surface after the December upheaval. Not enough time has passed for that. And the Romanian revolution itself, undoubtedly, holds many enigmas. Now the Romanians are arguing: "Was there a plot in the country?" My first impression was that one could not have existed. Although many believe that if such a tyrant existed, there must have been conspirators against him. After all, the new command came together very quickly. That means that there had been some connection between these people before...

[Correspondent] I understand that the question is not entirely addressed to you. Yet nevertheless... Why was the Romanian revolution an unexpected occurrence for us? How did it happen that already at the height of the events S. M. Gorbachev publicly announced that he did not know anything about them? We might add that many Romanians were rather annoyed by his words...

[Bogdanov] It is difficult for me to answer this question, because I was still working in Belgium at that time. However, I think that even the Romanians themselves did not realize the scope of what was going on. After all, 3 years ago there was serious unrest in Brashova... Yet Ceausescu suppressed it in such a way that no one noticed anything.

[Correspondent] My Soviet colleagues working in Bucharest told me that long before the events occurred, there was a smell of gunpowder in the air. Yet when one of them came to the embassy and pointed out the fact that he had noticed an increase in the night patrols along the streets, he was advised to sleep more soundly...

[Bogdanov] I can say only one thing: I am in favor of a most close cooperation with journalists.

[Correspondent] And are you not afraid that some brave journalist will take pen in hand and inadvertently harm your work?

[Bogdanov] Certainly not. I believe that the old frictions between journalism and diplomacy are today gradually being overcome. I might add that it was none other than we ourselves who created the situation in which any comment in our press was perceived as the official point of view. Now we are trying to rid ourselves of this, but they still do not believe us. In this situation we should probably not be afraid of outspoken publications. It is specifically with their help that we can shatter the old perceptions.

[Correspondent] Felix Petrovich, you are a new man in Romania. What new policy do you intend to implement?

[Bogdanov] First of all, I am striving to establish the broadest possible contacts. Unfortunately, we must pay for the old sins of our diplomacy. After all, in the past our embassies in the former socialist countries had a taboo on associating with the opposition. As a result, we are entirely unfamiliar with those who came to power. Well, what did we know about Petre Roman? Or Ion Iliescu? Perhaps a little bit about that period when he headed up the Romanian Komsomol. Yet when he was removed as a disgraced leader, we immediately stopped associating with him. So that now we are going through a stage of getting acquainted—with everyone.

[Correspondent] There has been much talk recently about the breakdown of the "image of the enemy". Yet in my opinion, the task of breaking down the image of the "friend" is no less current—in the relations between the so-called "fraternal" countries. How do matters stand here?

[Bogdanov] Our position in regard to these countries is clear: Full freedom of choice. However, many do not like this formulation of the question—including some in these countries themselves. People who have become accustomed to the old orders speak of betrayal on our part. In fact, however, this is a healthy process, as a result of which normal civilized relations must be formed.

[Correspondent] How is this process taking place in Romania?

[Bogdanov] First of all, we are striving to understand what used to be, to review the entire contract-legal basis for our relations, that huge number of various agreements which we have concluded since '45. Yet here we do not intend to shoot from the hip. We must decide what we really should send to the trash heap, and what we can still use under the new conditions.

The formulation of new relations between our countries is taking place under rather difficult conditions. Mutual understanding is very important here. For example today, considering the situation in Romania's domestic market, we are not importing Romanian products. Even though the local newspapers have tried to accuse us of devastating the Romanian store shelves. But then, this is an old syndrome of our "friendship". In our country it was believed that all the socialist countries were sitting on our backs, but here they were convinced that we were sucking them dry. These prejudices may be overcome only by specific results of mutually beneficial exchange which is really tangible for the people. Development of relations at the local level holds good reserves in this respect. For example, recently some representatives from Krasnoyarsk came to Bucharest. They are ready to supply the Romanians with plan-surplus coal in exchange for the goods which they need: Metal processing machine tools, automobiles, furniture and consumer goods. I believe such contacts will ultimately

become the basis for our economic relations. The question centers around the fact that they must not be harmful to our domestic market. After all, if starting next year we change over to accounting in currency, there will be the danger of even greater devastation of our store shelves.

[Correspondent] But could it not be that, having developed an allergy to our former "friendship", including also in economic relations, all of Eastern Europe will one by one turn to the West?

[Bogdanov] The fact that such tendencies are being manifested is a normal reaction to the abnormal situation which existed. Moreover, we ourselves now prefer to look in the same—western—direction, ignoring our neighbors. Nevertheless, there are huge reserves for the development of our relations on a healthy foundation.

And, based on my Belgian experience, I must say that even the West is a little afraid of us now—afraid that we might disrupt their order with our chaos.

[Correspondent] Does Romania have the desire to move away from the Soviet Union?

[Bogdanov] Despite the fact that Ceausescu always tried to distance himself from us as much as possible, thereby playing toward the Western public, such an attitude toward us in Romania has, in my opinion, not taken root. Here even now I sensed very a favorably disposed attitude and interest in our country—among the simple people as well as the leaders. Today Romania is striving not to push away from us, but rather to implement its own independent policy.

As for anti-Sovietism, here, as in other East-European countries, it does exist. In stopping to think about this phenomenon, we must, I believe, first of all take a look at ourselves. Here, for example, we are now "distressed over the fact that our 'brothers' are tearing down monuments to Soviet soldiers. And we are rightfully distressed. After all, our soldiers did not come to impose Stalinist socialism on these countries, but to liberate them. This is on the one hand. And on the other? Take a look at these monuments themselves. After all, in their majority they are some kind of monsters. That is why they evoke a corresponding attitude—especially among the young people, who look at everything from the heights of their own time. Yet if we had shown greater love for these monuments, if we had made them real works of art corresponding to the traditions of a certain people, the result would have been different...

[Correspondent] The Romanian leaders today officially reject communism. Our President announces that we do not reject the socialist choice. Do such opposite approaches hinder our relations?

[Bogdanov] No. We have ourselves proclaimed the principle of de-ideologization of international relations. Although this evidently complicates life for the Romanian leadership.

[Correspondent] As far as I understand, our relations with the new Romanian authorities are being formed favorably. And although for the present moment the overwhelming majority of Romanians support these authorities, there is also some dissatisfaction felt in the society. Could it happen that a new upheaval (God forbid, of course) would prove to be a surprise for us?

[Bogdanov] What is happening here is the concern of the Romanians themselves. Our task, as I have already said, is objective information.

#### Western, Local Disillusionment with Romanian Government Assessed

91UF0043B Moscow *PRAVDA* in Russian 8 Oct 90  
Second Edition p 5

[Excerpts of an article by Andrey Sharyy: "Romania Today. The Light of an Invisible Star"]

[Excerpts] The fates of people are sometimes surprisingly similar to the fates of whole countries. One event radically changes life once and for all. So it happened in Romania.

Heroic December is gradually turning into a symbol of history. Tempestuous May, the "period of hopes," as it was called in the press, when the abundance of pre-election programs and economic prescriptions, it seemed, would provide the country with a true way to flourish, has passed. Autumn has arrived, bringing not only the gray blanket of rain from the Carpathians. Now disillusionment and uncertainty splash the raging crowds in the squares of large and small Romanian cities.

In the last year, Romania has grown accustomed to street disturbances. The National Salvation Front [FNS], which holds power, like a slalom skier on a steep mountain slope, has made many dangerous political piroettes just when, it seemed, a fall was unavoidable. The inexperience and inability to control people who do not note the boundaries between democracy and anarchy must not only be paid for in the parliament, where ever more critical arrows are being aimed at the president and the government; to the malicious delight of the opposition, which claps its hands with each new outburst of street fights and strikes, there is a growing uneasiness among Western partners who, at the beginning of the year, had expressed a desire to invest money in the Romanian economy. However, "returning to Europe" has turned out to be difficult.

Why have Western countries, which so gladly welcomed the December changes in Romania, having offered aid and promised cooperation, subsequently "replaced kindness with anger?" The leaders of the Front name two reasons. First, the allegedly preserved inertia of the West's "good attitude" toward Ceausescu's regime is operating: the incessant Frondeurism of the former Romanian government in the Warsaw Pact and CEMA, and the outwardly independent viewpoint of Romania on many issues of world policy were quite convenient for

our previous "presumed opponents," who saw signs of a schism in the "Soviet bloc" in the flirtation of the "Carpathian genius" with Western countries. True, the position of the West on this question is far from beyond reproach: in the past, they spoke of Ceausescu's regime with far more warmth, than they recall it now.

The ideologues of the FNS see the second reason for the skeptical attitude of Western politicians and entrepreneurs toward the young Romanian democracy in the fact that in May the West made a false step, counting on the victory in the elections of "historical" opposition parties. The not-so-radical program of reforms, proposed by the Front, was supported by the voters, yet did not gain particular sympathy abroad, since the speed with which the current government intends to implement economic transformations is not convenient for European and other foreign businessmen.

It seems to me that there also yet another, third reason. Only that country, whose leadership is capable of guaranteeing internal political stability and a national consensus, because precisely this stipulates the creation of normal conditions for entrepreneurial activity, can count on substantial foreign participation in solving its economic problems. The past months have demonstrated, however, that the power of the FNS for the time being is in no condition to offer such reliable guarantees.

The car slowly traveled along University Square, and under the wheels there was the crunch of bottle fragments and pieces of brick. Along both sides of part of Balcescu Boulevard stretched chains of policemen: the grown-up lads, joined shoulder to shoulder, in black helmets with milk-white shields in their hands, looked inspiring, if not sinister. An typical fight with demonstrators had only just ended with the complete victory of the "keepers of order:" they shoved the most zealous into the "funnel," and the rest were crowded onto the sidewalks in order to restore the movement of automobiles. For a brief time, the square was quiet. However, eventually the policemen will leave, and 2 or 3 hours later several hundred young people once again will gather by the walls of the university in order to practice reciting anti-government slogans.

The disturbances in University Square have already been described "far and wide" by the world press. However, the surprising regularity with which relative calm in the center of Bucharest is replaced by a new outburst of anti-government speeches, in my opinion, reflects a sort of stalemate situation that has taken shape in the country today.

Neither the "official" opposition, nor the extremist-demonstrators, of course, have the forces to "collapse" the Front. The FNS, in turn, is slow in finding adequate solutions which would enable its leaders to implement their plans as programs in a calm political environment. Certainly, police batons are far from the best method for persuading those who disagree.

The situation, in my opinion, not only and not so much attests to the weakness of the tactical methods chosen by those in power, as it calls to mind the fact that a struggle is being waged not against the cause, but against the consequence. The detonator of the agitation of public opinion through all the post-revolution months remains the fact that, to this day, the country has not received answers to the question: who is to blame for people's deaths during the December events? The Romanian prosecutor has instituted 1,200 cases. Those under investigation include relatives of the overthrown dictator, members of the higher leadership of the now-disappeared communist party, and highly placed military officers. The "exposes" and new versions that appear from time to time in the press only heat up passions and fan the rumors, since court proceedings are moving forward extremely slowly, abound with delays and, in the virtually unanimous opinion of the Romanian press, have the goal of concealing the true picture of what happened in December. "Many are speculating on these problems for the purpose of discrediting the country's current political leadership," announced Ion Iliescu, president of Romania, commenting on the ever more frequent attacks against leaders of the FNS, members of the government, and leaders of the court and the prosecutor's office. "People have appeared who had nothing at all to do with the dramatic events of that period, yet allow themselves to question the decency and loyalty of those who were at the center of the revolutionary events."

The president is calling for patience and calm: "The Romanian people are a relatively well-balanced and wise people, for whom extremism and violence are alien." However, patience is drying up, the rumors are multiplying, and ever less and less time remains to investigate the truth once and for all.

A certain segment of Romanian youth, disinclined to believe the big promises of the president and government, is observing the development of events in the country with disillusionment. The newspaper ROMY-NIYA LIBERE accurately expressed their viewpoint: "Revolutionary energy is being squandered." How widespread is this opinion? Not a single, even the most thorough sociological survey would be capable, I think, of giving a complete idea of this. The range of views is too broad: from utter disbelief to blind optimism. Yet, this is not the problem. Unfortunately, from month to month the social tension in society is not being successfully alleviated.

The reasons are simple: the people judge events not by the statements of political leaders, but by what is happening around them and, in the end, by the condition of the store shelves. Therefore, last September was marked by a wave of big strikes that rolled across the country. Bus drivers in Craiova, aviation workers in Bacau, port workers in Constanta, and machine builders in Brasov went on strike. The explanation is obvious. The government, having proposed a 6-month moratorium on strikes in exchange for a promise not to take steps reducing the

standard of living of the working people, was nonetheless forced to raise prices for a number of goods, including gasoline. Naturally, these decisions were made under the pressure of circumstances, which the cabinet members of the ministries tried to prove to the trade union leaders. It is a very thankless task: there are more than enough reasons for dissatisfaction. To light the fire, one need only toss a match.

It is hard to accuse the Romanian government of idleness or lack of desire to change the situation for the better. The program, announced at the end of May in the Prime Minister's speech, gave hope to many. Petru Roman expressed the hope that Romania, in the course of 1-2 years, would restore its economy and, in the next 5-6 years, achieve the level of developed European countries. However, the drafted, theoretically correct decisions often are not fulfilled due to the absence of the necessary conditions. Labor discipline has decreased sharply. Negative processes have seized all spheres of the economy, and therefore the reports from the National Statistical Commission on the results of economic activity, which appear in the press monthly, do not evoke optimism. The newspaper ADEVERUL, for instance, believes that the reasons for the situation that has formed lie in the inertia of the bureaucratic apparatus, idleness, indifference and hidden opposition to the current regime.

Through its suffering, skepticism and pain, the country is acquiring a new image. The path is long and difficult, and it is not because the one and only true route has not been coordinated. Because emotions are gaining the upper hand over reason, for now the army patrols have not disappeared from the streets of Bucharest. However, in one way or another this path will nonetheless be taken: Romania is not fated to repeat the past.

#### Low Pay, Poor Conditions for Soviets Working in Bulgaria Deplored

91UF0043A Moscow IZVESTIYA in Russian 11 Oct 90 Morning Edition p 5

[Article by A. Kapralov, IZVESTIYA correspondent, Kozloduy-Sophia: "Rate of Indignation. Why Do Soviet Specialists in Bulgaria Live in Poverty?"]

[Text] An emergency situation occurred in a collective of Soviet specialists at the "Kozloduy" Nuclear Power Plant—their patience was exhausted. These people, who in the imaginations of some of their fellow countrymen "rake in the money," do not want to live in poverty. In a letter sent to the highest authorities and to IZVESTIYA, they "categorically protest against the existing system for payment of labor."

The essence of this system, and not just in Bulgaria, it seems, is to leave people roughly enough to make ends meet. Of the several hundred thousand Soviet citizens on business abroad, 80 percent are specialists at technical and economic cooperation projects: construction workers, repairmen, welders, doctors and teachers. Their

lives, as A. Gorkun, chairman of the united trade union committee for Soviet collectives in Bulgaria, recently wanted to say at a Moscow congress of trade unions for employees of state institutions, "differs greatly from the stereotypes that have formed in our society with regard to foreign countries."

Anatoliy Ivanovich did not say this at the congress, having alluded to the fact that there were enough concerns at home. It is a shame. He wanted to say that nobody in our state wants to work on the problem of providing normal living conditions for these people. The code of labor laws does not apply to them, and all matters of an everyday and social nature are resolved by departments, such as Minfin and Goskomtrud, by issuing various kinds of instructions, resolutions and other sublegal acts which contradict not only common sense, but also the legislation existing in the USSR.

For the labor of Soviet specialists in Bulgaria, the Soviet side receives the so-called "compensation rate." It usually consists of an average of 2,000 leva. However, this rate, paid monthly for the work of a Soviet specialist, goes to the state budget and only one-fourth of it reaches the employee himself. To recall Marx, there is no crime that capital would not undertake for such a level of profit. However, I have not noticed any criminal intentions on the part of capitalists in Bulgaria. A Western specialist at the Radomir Heavy Machine-Building Plant per month earns enough to last our machine tool operator half a lifetime. If we divide the salary of our engineer among three family members, we get about 165 leva, precisely the subsistence minimum in Bulgaria. Here, pensioners who receive this and the unemployed stand with bowls in bread lines for the poor.

The support of one child in a Soviet boarding school costs 80 leva. What if there are two children? In Kozloduy alone there are 52 such families. About 350-400 leva remain. Try to live on such a salary with higher prices for consumer goods than in the USSR by a factor of 2-3, with a monthly 15 percent inflation, and with a 120 percent increase in the cost of living since 1985 alone. Meanwhile, the commissions from Moscow that occasionally visit in order to resolve the salary problem stubbornly fail to notice this increase...

The director of the Soviet boarding school in Pleven is sounding the alarm: "It is urgently necessary to raise the payment for feeding one pupil from 80 to 120 leva per month, and if we are to feed the children meat (!), then up to 160 leva." Where will parents get this money, if Minfin (on the grounds of the data from these same commissions) established the wages for specialists in 1982, proceeding from the fact that 124 leva was enough to feed a family of three?

The Soviet embassy, the trade union committee and the party committee have repeatedly raised the question of the urgent need to improve the material situation of Soviet specialists in Bulgaria to the appropriate authorities. However, formal replies are received in response.

Let me cite just one document as an example: USSR Goskomtrud Resolution No 225 of 8 July 1990. It states that "for purposes of raising the effectiveness of the system for payment of labor," "for strengthening interest in the end result," and "on the instructions of the USSR Council of Ministers," it is deemed expedient "when sending Soviet specialists abroad to set the official wages at the minimum amounts stipulated for the corresponding position." What they fought against, so to speak, is what they ran into.

In the overall opinion of the specialists, this resolution not only fails to solve existing problems at the "Kozloduy" plant, but intensifies social inequality even more. Now a specialist, regardless of his abilities and skills, not only has to begin at the lower salary rate, but returns to it again upon extension of the contract, without even crossing the borders of Bulgaria. What kind of concern is this! What kind of improvement of payment of labor is this! The head of a group of Soviet specialists, true, may in time add another 20 percent to a 100-percent salary. However, what is the point in such an addition, fixed as though for a century, when price increases will eat it up in just a month?

The fact that all people abroad, including specialists, receive payment based on the salary level of an ambassador or trade representative or lower also remains inexplicable to me. It is hard to reveal who introduced this system and when. As before, foreign affairs are concealed from the public eye. If such a system of payment makes sense with regard to employees of the embassy or a trade delegation, such measures are far from suitable for a Soviet blast-furnace expert or coke chemist, for whose work the Bulgarian side pays. Moreover, people who stand by an open-hearth furnace or are within the ionizing radiation zone of a nuclear power plant in Bulgaria lose their privileged pension rate and do not receive the appropriate supplements for the dangerous work environment. Incidentally, the Bulgarian side does pay these supplements, but only to the offices that sold the inexpensive Soviet workforce abroad. By the way, the bonuses are also paid to these offices.

It is no accident, it seems, that the trade unions are kept out of the conclusion of such predatory contracts. After all, they might somehow be able to protect our specialists from the greedy appetites of bureaucratic departments. Suggestions by trade unions to participate in forming contracts for business trips by specialists encounter a decisive refusal on the part of government agencies. Not one foreign worker, not counting the Vietnamese, costs Bulgaria as little as a Soviet. For instance, the compensation rate for Yugoslavs at "Kozloduy" is 2,000 dollars! Indeed, a worker or advisor to the Soviet embassy receives less by a factor of 4 than his Hungarian colleague, and the salary of a TASS correspondent is a factor of 2 less than the sum that the wife of his colleague from an East European country receives for expenses on representation...

With such an approach, is it any surprise that people, sent from Moldavia to preserving plants in the Bulgarian heartland, ended up in the position of slaves? They were given housing and offered living arrangements that the local Turks and gypsies would not have agreed to: 3-4 leva per day. The matter reached the point of strikes, and the people were sent home only after the interference of the embassy.

Crafty dealers with sticky fingers from the concert organizations of Leningrad, Kursk and Odessa are recruiting young girls for work in night clubs in Bulgaria. Hundreds of them are already "touring" throughout Bulgaria. Sometimes not even having elementary labor agreements, they become toys in the hands of scoundrels who pay them pennies, forcing them to work extra even after the nightly concert, the sole point of which sometimes consists of stripping to the skin in a Bulgarian beer hall.

Right now, before passing a law on travel out of the country, it would be good to think about passing a law on the labor conditions for Soviet employees abroad, which would establish definite social and legal guarantees. Their observation in the signing of any contracts should be mandatory for all organizations and private individuals. Obviously, it is expedient to conclude the contracts themselves not for the business trips by specialists, in which they receive money for the time spent in a country, but for the amount of work done by them. It would also be necessary to introduce the indexing of salaries depending on the growth of prices and the exchange rate.

Meanwhile, A. Volkov, leader of the group of Soviet specialists at "Kozloduy," is informing the embassy that most of the specialists in the group have turned to him

with requests for urgent dissolution of their labor contracts and return to the USSR "due to the impossibility of providing a normal life for their families." It is necessary, as stated in A. Volkov's letter, to note that even before the raising of prices in Bulgaria, the salary level only provided for a meager existence in Kozloduy. At the present time, the situation has become critical. "In stating this, I ask you to take the necessary steps for urgent solution of the problem of raising the hard currency wages in proportion to the growth of prices" (this was written in June).

Aleksandr Pavlovich is a person who loves his job to the point of selflessness. He does not count the hours spent at the plant. He knows every corner there, and I could hardly keep up with him through the labyrinth of concrete tunnels. Former director of the Kolsk and Zaporozye nuclear power plants, a famous hero of Chernobyl, he does not grumble at fate. Nonetheless, it is embarrassing to earn less than his Bulgarian colleagues by a factor of 3. After the Chernobyl accident, he was confined to a hospital bed for many months. It seemed there was no longer any hope: bloody tears ran from his eyes... Yet death stepped back, and he recovered and grew stronger, but he could not do without work. He went to help the Bulgarians.

A long time ago, I promised the people at Kozloduy to write about their misfortunes, and yet I did not pick up the pen: it is an uncomfortable topic and it is painful to write about wages, although it is not even a question of money, but of justice and human dignity. Everyone hoped: maybe in Moscow they will respond to the embassy's repeated appeals and take steps.

It seems, however, that Moscow really does not believe in tears...

**Soviet-Cuban Economic Ties Defended**

91UF0208A Kiev Robochaya Gazeta in Russian  
31 Oct 90 p 3

[Article by Candidate of Historical Sciences A. Dubina: "Cuba, My Love? An Expert's Viewpoint"]

[Text] I remember the early sixties when the Soviet people, brimming with feelings of revolutionary enthusiasm and proletarian internationalism, excitedly sang: "Cuba, my love, the isle of a crimson dawn..." Times have changed since then. Songs have changed too.

As if ordered by someone, scientists, diplomats, journalists, and sometimes people with a very vague idea of the subject, have started frenziedly calculating how much Cuba "costs" the Soviet Union. Official Soviet data on this problem do not get published so these experts use data from Western sources.

These figures vary considerably. A commentator of the Italian *CORRIERE DELLA SERA* newspaper talks emotionally about \$7 billion a year. But the majority of Western sources as, for instance, the influential American weekly *TIME* magazine, agree on \$5 or \$5.5 billion a year, or \$15 million a day. At the end of last year MOSKOVSKIYE NOVOSTI converted dollars into rubles at the official exchange rate and came up with their own estimate of R3 billion [rubles]. Early this year we learned about Cuba's total debt to the USSR of R15 billion 490 million. There is food for thought here.

Understandably, the most radical political leaders in our country immediately demanded an end to any aid to Cuba. It is easy to see their logic—the moment we stop "wasting money on Cuba" we are going to live better. A person of such great authority as A.I. Solzhenitsyn spoke most categorically about the issue. "How long are we going to supply and strengthen the tyrannical regimes that we have planted in various parts of the Earth—regimes that are incapable of surviving and that are nothing but bottomless embezzlers of our wealth?" he asks in his article "How Do We Build Up Russia?" Aleksandr Isayevich cites Cuba as the main example of such regimes.

Before we analyze the data concerning "the embezzlement of our wealth" by Cuba, let me remind you that the Fidel Castro regime was been "planted" by the Soviet Union. It appeared as the result of a victorious people's revolution that ended one of the most corrupt and disgusting dictatorships in modern history. Castro reached out to the USSR only "after he won, as he was faced with pressure from the United States," admits the American *INTERNATIONAL HERALD TRIBUNE*, which is not at all inclined to like the Cuban leader.

Furthermore, even if a "tyrannical regime" exists in Cuba it is a rather peculiar form of tyranny. "One could argue that he (Castro—A. D.) would have won open elections even now," is the knowledgeable opinion of W. Smith, a major expert on Cuba who was at the head of the

American interests section in Havana in from 1979 to 1982. This view is supported by E. Baloyra [name as transliterated], a professor at Miami University. "The fellow (this is the friendly word the American political scientist uses for Fidel Castro) is still standing tall," says he with undisguised disappointment. "Castro is an inspiration to Cubans as they delight at the way in which he has transformed a country with a population of 10.5 million into a power which would not bow to its Yankee neighbor," emphasizes the *INTERNATIONAL HERALD TRIBUNE*. Just think of this—it is a paradoxical tyranny that relies on the support of the majority of people!

Now let us talk about the pluses and minuses of the Soviet-Cuban trade and economic relations. At present Cuba provides one third of the total USSR sugar requirements and one sixth of the needed nickel and cobalt. Forty percent of the citrus fruits sold in the Soviet Union come from Cuba. To purchase all these commodities on the world market we would need \$2 billion, and I want to emphasize that I am talking about full-bodied American dollars and not about no-bodied Soviet rubles.

But let us stick to a certain order. **Sugar.** At present the USSR pays R800 per ton of Cuban sugar. At the "tourist" rate of exchange this equals \$120, while the world market price of sugar is \$294. Therefore, the Soviet Union would have paid two and a half times as much without the Cuban supplies. But, according to the well-grounded opinion of Doctor of Historical Sciences S.A. Mikoyan, sugar prices would have increased five-fold after the very first such purchase on the limited free market. Then the USSR would have had to pay some fifteen hundred dollars for a ton of sugar!

**Nickel.** As everybody knows, Soviet production of nickel is concentrated mainly on the Kola Peninsula. Nowadays the peninsula, as well as vast regions of the neighboring Scandinavian countries, has become a zone of an ecological catastrophe. Recently the governments of Finland, Norway, and Sweden offered the Soviet Union a joint credit of up to 3 billion Finnish markkas to rectify the atmosphere above the Kola Peninsula. The credit was provided on favorable terms, which means that the debt has to be paid back in nickel, but we do not have enough of it to cover our own needs. Besides, it does not seem possible to reduce the atmospheric pollution before 1994 and before that, the Soviet Union, as a participant of corresponding international agreements, will have to pay considerable fines for polluting the environment. The cost of Soviet nickel may come close to that of gold. Under those conditions do we have the right to stop the Cuban supplies?

**Citrus fruit.** This fruit is supplied to our country in exchange for products from our machine building industry which on the world market might even interest Japan (interest as scrap metal, maybe, or as exhibits for a museum of antiquities and rarities). The prices at which Cuban oranges and lemons are sold in our stores are considerably higher than the purchase prices. Is this

profitable for the USSR budget? It definitely is. To that I must add that the absence of citrus fruits in our stores may be largely explained by the reduction of Cuban exports to the USSR which was caused by the disruption of Soviet trade fleet operations late last year and early this year. The Cuban side incurred considerable losses as a result of this. It seems that the situation may repeat itself this year again...

Many experts have calculated the losses brought about by sales of Soviet crude oil to Cuba at lower than world prices. But why do they not talk about the oil supplies to the East European countries, which considerably exceed supplies to Cuba? The USSR sells oil to them at \$7 a barrel, while the world oil price was \$18 a barrel before the Persian Gulf crisis and has now jumped to \$40 a barrel. And with all that we are becoming the target of financial criticism for all of those countries!

Some people may consider these arguments biased. Let me quote a major expert on Cuba, the above mentioned W. Smith, who is viewing the Soviet presence in Cuba within a political context.

**"Its presence in Cuba does not cost the Soviet Union much. The CIA quotes a figure of \$5.5 billion a year. Subsidies for sugar purchases make up about 70 percent of this figure. However, Moscow receives sugar at higher than world prices, but does not pay hard currency for it. The same can be said about other so-called "subsidies." While it pays minimal prices, Moscow gains access to the intelligence installations in Cuba and it has a firm guarantee of nickel, sugar, and citrus fruit supplies and these are commodities which are in high demand in the USSR." We need make no comment on this evaluation.**

Some words about Cuba's debt to the USSR. To a large extent it was built by Soviet arms supplies. But the Cubans used these arms to fight in Angola and Ethiopia. Why did they go there? The little Caribbean country did not, does not, and cannot have any geo-political interests in Africa. But the Soviet Union had such interests. However, in those days the Soviet Union could not directly defend its interests because, just before the military action in Angola began in 1975 L.I. Brezhnev, "in his tireless fight for peace," put his signature to the Final Act of the Conference on Security and Cooperation in Europe. A military action initiated by the Soviet Union at any location would have undermined the entire international policy of detente. For that reason young Cubans, armed with Soviet-made weapons, went to fight on the other side of the world "to give the land back to Angolan peasants." This "international mission" carried out for the sake of the geo-political interests of the Soviet Union cost dozens of thousands of Cuban lives. Did our radicals count this price?

Here is another aspect of Soviet-Cuban relations. A number of articles have appeared in our press lately claiming that Cuba provided medical help to the victims of the Chernobyl disaster for selfish considerations. The former KOMSOMOLSKAYA PRAVDA correspondent

in Havana, for instance, underlines the fact that the first group of Chernobyl children arrived in Cuba shortly before the visit of a Soviet Government delegation which came there to sign certain documents on Soviet-Cuban economic cooperation for this year. "Should I mention that the delegation was first taken to the hospitals where the Chernobyl victims and the Afghantsy [Afghanistan veterans] were accommodated? Should I mention that the delegation signed everything they were expected to?" ponders the KOMSOMOLSKAYA PRAVDA correspondent. But does one have to look for cause and effect relations in events which just happened to coincide in time? Or did the Soviet delegation have no need to see how their compatriots were treated? I think that the journalist, as he tries to make the facts fit his artificial framework, should remember that Cuba was the first country to respond to the Nicaragua Government's request for medical aid when the northern districts of the country were damaged by a flood. I want to remind you here that the Nicaraguan Government consists of the political opponents of Fidel Castro's friends, the Sandinistas. Can someone tell me what kind of profit Cuba could extract from this?

The facts cited above show that the Soviet Union does not lose all that much by helping Cuba. We could have considerable profits instead of incurring losses if we could balance Soviet-Cuban cooperation and change it from a mutually unprofitable one to a mutually profitable one and that is quite realistic. Apart from sugar, nickel, and citrus fruit Cuba could give us medical supplies and help us overcome our tobacco shortages. I am sure that good Cuban cigarettes would cost us a lot less than the American "Philip Morris" ones for which we have to pay in gold and diamonds.

What are the real reasons behind the anti-Cuban motifs heard in the Soviet Union now? I think there is only one. As he vaguely described future American aid to the Soviet Union, U.S. President Bush linked it to certain requirements. One of them was to stop aiding Cuba. That is why those "who defend the interests of the Soviet people" are trying to catch two birds with one stone. Only they keep forgetting that it is a long and tortuous road from "Uncle Sam's" promises to any concrete actions, and the examples of that are plentiful.

**The Nicaraguan contras, paid by the United States and with the direct participation of the CIA, caused \$15 billion worth of damage to that country. And now the United States is offering the huge sum of \$300 million in aid and is meting it out in portions. The United States is not in any hurry to help Panama, which suffered from American aggression late last year. But when the Panamanian Government tried to present certain financial claims in this respect, they were simply ignored by Washington. These examples are quite educational!**

Unfortunately, the efforts of those who oppose any development of Soviet-Cuban cooperation have started to bear fruit. Recently we learned about Cuba's refusal to honor agreements to supply 450,000 tons of sugar to the

USSR. Commentators see this act as a response to the reduction of Soviet supplies.

**In September the chief of the Jose Marti anti-Cuban radio station, which broadcasts from Miami, came to Moscow. The UN Secretary General Perez de Cuellar himself qualified the activity of a related Jose Marti TV station as "a violation of Cuba's sovereignty." This fact, however, did not prevent the head of the radio station from signing a contract with two Soviet citizens who thus became its correspondents. What can we expect next?**

In conclusion I would like to ask those who criticize Soviet-Cuban cooperation: "How will our 'new friends' treat us when we betray the old ones so easily?"

### **Impact of Changes in Soviet-Cuban Economic Ties Examined**

91UF0229A Moscow *NEW TIMES* in English No 46, 13-19 Nov 90 pp 33-34

[Article by Vitaly Sobolev: "Cycling into a 'Special Period'"—First paragraph is introductory paragraph printed in bold print]

**[Text] Making its own mistakes and following the unwise advice, the country was going from underdeveloped capitalism to underdeveloped socialism.**

President of the Pan-American Athletic Organization Mario Vazquez went to Cuba at the end of last September to oversee preparations for the Pan American Games that will be staged on this Caribbean island next year. He embarked on the trip with a feeling of unease about the uncertain economic outlook which is even bleaker, it seems, after Fidel Castro's remarks that the "special period" might interfere with the Games.

But it looks as though his worries have been dispelled. A top-notch cycle track has just been inaugurated and the construction of the stadia, gymnasias, courts, and Pan-American Village is proceeding according to schedule. The way Cubans feel about the upcoming games is no surprise to anyone. With the kind of records set by her athletes and the number and caliber of the Olympic medals won by them Cuba ranks in the Western Hemisphere second only to the United States, leaving behind such countries as Canada, Argentina, Brazil, Mexico. So one high-ranking Cuban official may be right in saying that the Games will become "the pride of Havana." And knowing that the "special period" will not hurt them after all encourages a less gloomy public attitude toward the imminent hardships.

The first cloud to appear on the horizon at the beginning of this year were the bread supply disruptions precipitated by late arrivals of the Soviet ships hauling wheat from... Canada. Next, with the summer's close fuel difficulties began caused by shortfalls in Soviet oil exports. Then Cuba had to cut down on the number of periodicals and other publications because of the falling

newsprint deliveries. And finally, overall distribution of industrial supplies and consumer goods had to be drastically curtailed.

What is known as the "parallel" retailing has practically come to a halt. It allowed Cubans to spend whatever money left after making purchases against their ration cards ("libretas") to buy, albeit at a price, food, clothing, some electric and household appliances. As to "libretas," they have become leaner.

However, even in earlier times the "libreta" allotment of, say, three kilogrammes of rice a month had been insufficient to Cubans who spoke to me. Often, adults would have no meat at all giving their share to children. It is true that the "special period" restraints should affect the food programme least of all, but they cannot spare it altogether. A case in point: one (or even two) hundred thousand oxen that have been switched for use as draft animals not only undercut the beef production plan but will also compete for fodder with cows and hogs.

As plants are being shut down and put into mothballs, including many Soviet-Cuban cooperative schemes, the output of goods and employment go down considerably affecting common Cubans despite the promised unemployment benefits to the tune of 60 percent of regular pay.

The decision to introduce the aforementioned and other austerity measures was taken by Cuba, as I tend to believe, in the light of the Soviet proposals on mutual economic ties for the next year. Likewise, the "special period" got launched because of the changes witnessed in these ties. To quote from the MIAMI HERALD, the Cuban emigres newspaper, today it is in vogue in the USSR to level criticism at Cuba. It is so, the paper says because the Cuban political reality gets ever more divergent from what happens in the Soviet Union and because the crumbling Soviet economy cannot afford any longer to give assistance to Cuba on the grand scale of yesterday.

As to the Cuban political reality, it is today undergoing multifaceted changes. following experimental testing, a system of the people's councils is being put into place with chairmen representing both the people and the government. The numbers of the party functionaries are being reduced, including the top echelon which is cut by half, and elections in the municipio and provincial party organizations will be carried by direct and secret ballot. Other reforms are also being considered.

A strong impact on the political climate in the country is undoubtedly exerted by Fidel Castro's remarks at the celebratory meeting devoted to the 30th anniversary of the Revolution Defense Committees: "...During hard times 'gusanos' (Worms—the traditional nickname for the enemies of the regime—V.S.) would like to raise their heads. We need to fight them and tell them: 'Gusano, back into your hole! Gusano back into your trash! Gusano, back into your dung! Gusano, back in to your rotten stuff and shut up.'"

I'll take this opportunity to elaborate on the remarkable and striking impression produced by F. Castro's speeches, those improvisations that normally last for hours, have flawless logic and are so accomplished linguistically that when printed in papers look as if they had been prepared in writing.

More than once did I watch people listening attentively. As might be expected, one can spot in the back of the crowd those who are absorbed in their thoughts or dozing off or even quietly walking away. But there are many more people who are listening carefully.

I mention all this to give an idea of how intensely the audience responds when F. Castro says for example: "We are not in the least to blame as... no one knows how many billion meters we drilled in these years searching for fuel in cooperation with the Soviet Union... failing to increase the output beyond 1 million tons... In cooperation with the Soviet Union we made tremendous efforts to build a nuclear power station which is indeed well behind schedule in getting operational, for reasons beyond our control."

Or: "There are people in the Soviet Union who believe that today is the best time to gain favour with the Empire (USA-v.s.), to dismantle the foundations of economic relations between Cuba and the USSR." The Cuban leader stressed here that he did not mean the Government of the Soviet Union which tried to fulfill its obligations and did fulfill them.

Lower returns from the links with the USSR, as well as the present and expected snags in imports and export have brought Cuba to the threshold of the "special period." With the onset of the Persian Gulf crisis the oil prices shot up almost catching up with the world market prices for sugar. Since it is proposed to conduct Soviet-Cuban trade in the coming year at world market prices in hard currency, the earnings generated by the sale of the regular 4.5 million tons of sugar, should Cubans decide to export it to us again, will in no way be adequate to buy the usual 13.5 million tons of oil plus other goods. Even if bought at preferential prices offered by Western Europe and the United States to their partners in the tropics, Cuban exports to the USSR will hardly pay for even half of the former Soviet oil deliveries to Cuba.

The lack, to put it mildly, of the mutual understanding was also exposed by a recent brawl over the way shortfalls in oil deliveries are covered by the press. In their stories from Havana *IZVESTIYA* and *KOMSOMOLSKAYA PRAVDA* reported that in official Cuban statements those shortfalls were inflated almost four-fold. "GRANMA" reprinted both items having appended them with rather caustic comments where it insisted on its initial figures. At the root of the differences lies the fact that deliveries include not just crude oil but also oil products, with the share of the former in this particular case exceeding the capacity of Cuban refineries (the

plant built with Soviet assistance has never been started up). This exchange of views left both sides sticking to their respective opinions.

The issue of the culprits in the current crisis needs to be looked into. Even before the start of the new negotiations it would be wise to admit the unfairness of both our attempts to brush aside Cuban ills and the Cuban desire to put the blame for these ills entirely on the Soviet side. According to local experts, the transition of Cuba from the stage of underdeveloped capitalism to the stage of underdeveloped socialism was done in a slipshod manner. At times, not only the Soviet experts gave the wrong advice but the ranking Cuban officials were mistaken in determining the country's requirements and capabilities, not only the USSR provided inferior designs and goods but the Cubans' performance was irrational, sluggish and of poor quality.

There is no doubt that at the coming talks some kind of an agreement will be hammered out. In the final analysis we need sugar and Cubans won't get a better price for it anywhere else. As to the fact that the current economic conditions in the USSR rule out crediting Cuba on the former scale, every one will have to somehow get used to this notion.

In any case, the tenor of F. Castro's speech quoted above was cheerful and optimistic. It followed, among other things, that every cloud had a silver lining. The Cuban leader pointed out that those released of their job-related obligations would be able to apply themselves in self-education while young people could take up cycling. The point of the matter is that foreseeing transportation problems Cuba purchased 200 thousand bicycles and intends to import another half a million as well as five bicycle-making plants, not to mention the reconstruction of those which already exist.

If these plans come to pass, it is believed here that Cuba will have an easier time going through the "special period" than the Soviet Union through its own period of reforms, or at least will do it with greater grace. The Pan-American Games seem to be well worth our beauty contests, so let us not read misplaced humour in the words of Mr M. Vazquez who upon seeing the completed cycle track, "one of the best in the world" predicted unprecedented success of Cuban cyclists.

#### Past Support of Nicaragua's Sandinista Regime Reappraised

91UF0136A Moscow *LITERATURNAYA GAZETA*  
in Russian No 45, 7 Nov 90 p 14

[Article by Marina Chumakova, candidate of historical sciences and lead scientific associate at Latin America Institute, USSR Academy of Sciences: "The Commanders Preferred To Ride in Mercedes"]

[Text] Our country was linked to Sandinista Nicaragua by the bonds of solidarity and friendship for 10 years. The USSR was eager to strengthen the bonds because it saw

*Nicaragua as an important ally in its intense confrontations with the United States. The Sandinistas took care not to let the bonds grow weak because Soviet support was the main guarantee of the regime's continued existence. The taboo on criticism of the Sandinistas was upheld until the regime fell. Then—what a paradox!—we felt uncomfortable reproaching friends who had lost an election. There was a feeling that it was too late, that we should have told the truth earlier.*

*Yes, we missed our chance, but it would be doubly wrong to use this as an excuse to conceal another interpretation of the history of the Sandinista revolution. We might not agree with it, but first we have to give it a hearing—however belated it might be. As for the Sandinistas' good intentions and definite social achievements, so much has already been written about them that we have no need to repeat each one of them here.*

Whereas Soviet newspapers once portrayed Nicaragua as an eternal battlefield of Sandinistas vs. contras, now it is depicted as a country of endless hunger strikes and street riots. Furthermore, in seemingly objective accounts of the outbursts of public dissatisfaction with the government's attempts to stabilize the Nicaraguan economy, there are occasional sly hints that this is the only thing the opposition has been able to accomplish since taking charge. Let us be fair, however, and admit that when Dona Violeta Chamorro won the presidential election this February, she inherited the grim legacy of the failed Sandinista experiment.

After the triumph of the revolution on 19 July 1979, the Nicaraguans lived on the hope of the free society the Government of National Reconstruction had promised them in its program. The principles of political pluralism, a mixed economy, and non-alignment lay at its basis. These were the same principles and ideas that allowed the Sandinistas to put together a broad coalition against the dictatorship, win international support, and throw Somoza out of the country along with the remaining members of his National Guard.

There was room in the government for members of the democratic public, including V. Chamorro, the widow of the publisher of LA PRENSA, the opposition newspaper, who had been killed by the Somozists. Many Nicaraguans saw this as a sign of transition from brutality and violence to political and civil liberties, from war, hunger, and poverty to peace, social guarantees, and prosperity. Relieved entrepreneurs announced their willingness to cooperate with the new regime. The popularity of the revolutionary government abroad created favorable conditions for the attraction of foreign capital for national reconstruction. The Sandinistas were even recognized by the Carter administration, which allocated 118 million dollars in aid to them.

The national accord, however, turned out to be short-lived. The Sandinista commanders known as the "Nine"

began alienating recent allies. The declaration of political pluralism degenerated into privileges for the Sandinista National Liberation Front (FSLN) and pro-Sandinista parties, while all others were categorized as counterrevolutionary. By April 1980 V. Chamorro had resigned from the government in protest. The belligerent rhetoric of the Sandinista leaders sped up the move to the opposition by moderate politicians and the disintegration of the anti-dictatorial coalition.

The FSLN's political monopoly was reinforced by the propagation of mass Sandinista organizations—for youth, children, women, and trade-union members. By 1983 the membership of the Sandinista defense committees, which were responsible for the distribution of food, housing, and medicine and also kept the regime informed of untrustworthy individuals, already numbered half a million! Guided by the standards of the new revolutionary ethics, committee members committed all types of improprieties in their treatment of the residents of city neighborhoods: Citizens who did not buy the FSLN newspaper BARRICADA, for example, lost their right to acquire rationed goods.

The absence of reliable guarantees, the constant threat of politically motivated expropriation, and the obsession with redistribution aroused anxiety and insecurity in the private sector. Suffering the effects of the increasingly unceremonious interference by the growing bureaucracy, the economy managed to function somewhat efficiently for only the first 2 years of Sandinista rule, when it was bailed out by non-refundable international aid and foreign loans and credits. Not one economic program was completed even in those 2 years, however, not to mention the war years. The failure of plans was blamed on businessmen, who were accused of sabotage and counterrevolution. The Sandinistas viewed all criticism of the government's economic policy and the inefficient state sector as hostile intrigues.

The forcible introduction of the Sandinista ideology in a Catholic country aroused the discontent of believers and the protests of opposition parties and independent trade unions. People were irritated and frightened by the unrelenting propaganda of hatred for the enemies of the revolution and by the inclusion of the slogans of class struggle in primers and textbooks, where drawings of machine-guns and grenades were even used to illustrate arithmetic problems. Nicaraguan history was hastily rewritten to depict centuries of struggle against U.S. imperialism. Members of the artistic intelligentsia left the country because they had no wish to participate in the "Stalinization of the arts." The Sandinistas accused the people who left office because of their doubts of betraying the revolution, dismissed their criticism of "Nine" as absurd ravings, and ignored their fears of the "Cubanization" of the regime. They did not heed their warnings that the Stalinist model of Marxism could not work in Nicaragua.

The United States viewed the line of maximum convergence with Cuba and the USSR and the belligerent

anti-American statements of the commanders, who asserted that neighboring countries would follow the example of revolutionary Nicaragua soon, as a challenge to its national interests and as evidence of the expansion of international communism. Washington was particularly disturbed by the Sandinistas' support of Salvadoran partisans. The undeclared war was started by the contras expressly for the purpose of stopping the shipments of weapons to rebels in El Salvador.

Subsequent events were covered well in our press: the escalation of the armed conflict, the Nicaraguan Government's struggle to stop American military aid, and then even humanitarian aid, to the contras, the Sandinista Army's victories.... Of course, we were never told what the contras were fighting for, and they were portrayed to us only as CIA mercenaries. Why were they joined by opposition leaders who had taken an active part in the revolution? The legendary Eden Pastora, known as Commander Zero, led the incredibly bold 1978 operation to seize the National Palace in the capital and all of the Somoza deputies there. In 1982, however, documents signed by Commander Zero were already being burned in bonfires in Managua. By that time he had opened a southern front against his recent Sandinista comrades. What motivated yesterday's Sandinistas—who represented around 30 percent of the contras by the middle of the 1980s—to join the armed struggle against the government?

Was it simply a matter of the promises of the CIA and the Somozists? They joined the armed opposition because they disagreed with FSLN policy and were reluctant to accept the new official Sandinista ideology. They could not condone the brutality of the regime or tolerate the deteriorating conditions of life in Nicaragua. Finally, they refused to become involved in building the Cuban model of socialism. The government's effective departure from the policy of non-alignment and cessation of the dialogue with the opposition daily increased the number of those whom Reagan called freedom fighters and the Sandinistas—and we also—called mercenaries and counterrevolutionaries.

The protracted fratricidal war filled the sociopsychological atmosphere in the society with hatred, suspicion, and intolerance. A Main Administration for State Security was established in the Ministry of the Interior with the help of Cuban, East German, and Soviet advisers (according to high-level ministry staffer Miguel Bolanosa, who fled the country in 1986, dozens of special agents from the GDR, Bulgaria, the USSR, and Libya and representatives of the PLO were working in the Nicaraguan secret police). The administration was responsible for political investigations as well as intelligence. Dissidents were harassed and punished in a variety of ways: from losing their jobs to being arrested, imprisoned, kidnapped, and killed. According to the Pan-American Human Rights Commission, prisoners were beaten and tortured in more than 100 documented cases in Nicaragua just in 1983.

State security forces were assisted by people's courts, Sandinista defense committees, and the turbas, the youth groups which surpassed even Orwell's "young spy leagues" in many respects. They were the initiators of loud cheers and applause at Sandinista rallies and also administered revolutionary justice in street fights with participants in anti-government demonstrations and organized pogroms in opposition party premises. In general, they did all of the dirty work government officials did not want to do. Sometimes the harassment of the regime's critics took the form of monstrously scornful actions. In August 1982 the turbas stripped Father Bismarck Carballo of all his clothes and dragged him naked through the streets in full view of television cameras and reporters. The same turbas were booing and hissing when Pope John Paul II appealed to the Nicaraguans for national accord in March 1983.

The stream of refugees and emigrants kept growing, and by 1990 they numbered half a million. The horrifying descriptions of contra terror—and no one is denying them!—kept our readers, however, from hearing the facts the rest of the world heard about the persecution of the independent press and Catholic radio stations, the brutal reprisals against peasants suspected of siding with the contras, and the forced resettlement of thousands of Miskito Indians, whose fellow tribesmen fled to Honduras and augmented the ranks of the contras there.

The corruption in the government, the Sandinistas' ties to international terrorism, and the unprecedented rise of the crime rate and the number of prisoners (according to official data, there were over 10,000 in 1987, but no more than 600 people were in prison under Somoza) also escaped the attention of our journalists and researchers. The Soviet press carefully avoided any mention of the predilection of the "Nine" for Mercedes, villas, and expensive trips abroad and said nothing about the millions the commanders had in foreign bank accounts (the personal fortune of the Ortega brothers exceeds 3 million dollars, and Tomas Borge, the head of the Ministry of the Interior, has around a million dollars). All of these facts were treated as superfluous—and even excusable, from the standpoint of revolutionary morality and ideology—details of the victors' feast in a ravaged and starving country.

The recognizable features of the Cuban model were prominent in the new FSLN-controlled political system, the bureaucratization of the machinery of state, made up of front activists, and the progressive militarization of the country. The Ortega brothers, Daniel and Humberto, assumed the leading roles among the "Nine." The first began as coordinator of the governing council and then became president in 1984, and the second was the minister of defense. Whether they wanted to or not, they reminded people of Fidel and Raul Castro, the Cuban duo whose experience and example played a role that would be difficult to overestimate in strengthening the Sandinista regime.

To the accompaniment of anti-imperialist slogans, revolutionary rhetoric, and appeals to the people to tighten their belts for the sake of a victory over the contras as soon as possible, the Sandinistas and their supporters began displaying the stereotypical thinking and behavior of the defenders of a "besieged fortress," and this interfered with realistic assessments of the situation in and around the country. Military expenditures rose to 55 percent of the budget, and compulsory military service was instituted. Although the Sandinista Army was already several times as large as Somoza's National Guard, plans were made to increase its numbers to 500,000 in the 1990s. This was being done in a country with a population of 3 million!

Meanwhile, foreign countries were losing all of their confidence in the Sandinista government, which had hoped to build socialism with the money of capitalists, and aid from developed capitalist states was reduced or terminated. By 1988 the economy had regressed 30 years, and per capita income in Nicaragua was the lowest in Latin America. Inflation broke all conceivable records by climbing to 37,000 percent.

The regime was still hanging on, but only at the price of incredible deprivations for the Nicaraguan people and through the generosity of the USSR and Cuba. Economic aid from the USSR, most of which was simply wasted, amounted to 2 billion rubles over the decade, and military aid amounted to 1-2 billion (Western estimates differ). Incidentally, the United States spent only 312 million dollars on the support of the contras and allocated another 9 million in aid to the Nicaraguan opposition.

Even during the years of perestroyka the USSR's relations with Nicaragua were burdened by the ally commitments dictated by their common Marxist-Leninist ideology and by the imperatives of anti-imperialist solidarity with a regime with a declared socialist orientation. In line with the geopolitical calculations of our military strategists and ideologists, military shipments to Nicaragua were augmented even after the Guatemalan agreements on the peaceful resolution of the Central American conflict had been signed, and Sandinistas continued to be trained in Soviet and East European military training centers.

We can understand the presumptuous behavior of the commanders who were lulled by sybaritic comforts and unlimited power, but how can we explain the nearsightedness of our own lobbyists for the Sandinista revolution from the CPSU Central Committee and from our military and foreign trade agencies and of our ideologists who did not foresee the election victory of the opposition? It was so difficult for them to accept the election defeat of the FSLN that they immediately came up with a clumsy explanation. They said that it was not a real defeat; it was simply that more than half of the people who voted for Violeta Chamorro did this because of the severe consequences of the economic crisis. As if a government which was in power for more than 10 years

was not responsible for the catastrophic state of the economy! As if protecting the country from the nightmares of armed conflict and civil war had not been its primary duty and obligation!

Is it not time to admit that the case of Nicaragua proved that our military-ideological agencies were bankrupt and that their actions produced neither political nor economic dividends for the USSR or Nicaragua?

The sad experience of the unconditional support of the Sandinista experiment provided further evidence that governments which take the democratic road to power are much more reliable partners than authoritarian and militaristic regimes which refuse to compromise their principles.

The narcotic of slogans and ideological incantations produces a severe hangover. We paid billions of rubles for it, but it cost the Nicaraguans tens of thousands of human lives in addition. Is it any wonder that they prefer the rallying cry of "fatherland and life" to the slogan "fatherland or death"?

#### OGONEK Editor Interviews Mexico's Salinas

91UF0140A Moscow OGONEK in Russian No 40, 29 Sep-06 Oct 90 (Signed to press 25 Sep 90) p 20

[Report on interview with President of Mexico Carlos Salinas de Gortari by OGONEK Editor in Chief Vitaliy Korotich; place and date not given: "Is it Hard To Be President?"]

[Text] The president returned to the bus and showed me his scratched forearms.

"They love me," said the president. "They scratch me. They want to touch me."

I had stayed in the presidential bus, watching through the tinted glass window how people were reaching out for this young man, shouting something to him, asking questions, or simply wanting to touch him. The bus bearing the eagle-and-snake presidential seal on the front and the back, moved slowly, threading its way through the crowd of peasants who had come to out to the roads of the presidential route. Many of these roads had not been in existence for long; they had been build during the first two years of the presidency of Carlos Salinas de Gortari, or President Salinas, as he is usually called.

The president looked once again at his scratched forearms and smiled.

"Is it hard," I asked, "to stay this popular? And why bother? Mexican presidents are elected for a six-year term and are not eligible for reelection, ever. They are elected just once—and never again. Just once, for six years..."

"Yes, yes," said Salinas.

[Korotich] But I saw posters: "President Salinas keeps his word!"

[Salinas] That's the point. I visit all regions in Mexico and meet with people from all walks of life. They need an injection of enthusiasm. We have gone through a crisis recently, the standard of living has gone down. At that time people felt that the president was far removed from them. I have to get closer to my people. They come over, touch me and scratch me because they need to feel close to me.

[Korotich] Are they close to you in all respects? Do they know everything about your personal life, your family? How far do you go in that candor toward your people?

[Salinas] Everything except my family life. I keep my family out of politics. I want to keep this privacy because my family members have their own lives that they will have to go on with in the future.

[Korotich] Actually, when you become an ex-president of Mexico you will be only 46. By Soviet standards, you would be just beginning your political career, but for you... You will just have achieved a certain level of experience, become wiser. Do you think it is a good idea to limit the presidential term to six years?

[Salinas] Yes, it is. It allows for interchangeability, for rotation, intermixing of different strata. Don't forget that eight out of 10 Mexicans are younger than I. Our population is very young. As I said, 80 percent of my compatriots are younger than I. They should have their chance...

[Korotich] That is a great idea. Are there many others of your age in your government?

[Salinas] Yes, quite a few. Some are even younger. That includes several ministers, such as the minister of finance.

[Korotich] But the government is not a soccer team. You need older people, too...

[Salinas] And we have them. For me, age is more a function of an ability to think than what is in your passport.

[Korotich] That is the way it probably should be. Still, there are certain stereotypes, both biological and political. In our country, for instance, we sometimes use words without thinking much of their real meaning. That goes not only for such notions as "old age" or "youth," but also "socialism" or "capitalism." In that respect, I recall what China's Deng Xiaoping once said. He said: "White cat, black cat—what is the difference as long as it catches mice." Speaking of socialism, what does it mean to you personally?

[Salinas] Well, there is an accepted definition: collective ownership of the means of production. But, definitions aside, what was called socialism in some countries has led to the bureaucratization of public life. Instead of

giving the people more opportunities it has led to privileges for a small group of people. I am convinced that this is not socialism. This is a bureaucratization of everyday life, and people everywhere are against bureaucratization.

[Korotich] I hope you will have a chance in the near future to compare notes with our president. There is a lot of similarity in the direction of a search for the reorganization of society in both countries. We have begun to contemplate the ways of our development and are trying to understand what we are and where we are going. So many years have been spent in self-admiration and self-satisfaction, searching for heroes inside and enemies outside of our country. We used to blame all our misfortunes on somebody's villainous intrigues, but not all of a sudden the enemy is no longer there. What do we do? By the way, what do you think about the changing U.S.-USSR relations? I remember you saying that economic and military power are not one and the same...

[Salinas] I am convinced of that, because both the United States and the USSR, although militarily strong, are financially weak. At the same time Germany and Japan, which are militarily very weak, possess great economic and financial might. So, for the first time we are in a situation in which very powerful countries import capital instead of exporting it. As a result we see completely new alliances emerge in this new conditions. There is the European Common Market. The coalition of Japan and the South Asian countries. Worldwide economic competition is growing. And for the first time in history, military might does not mean much in this competition.

[Korotich] And where does Mexico belong now? With the South, the North, the West, or the East?

[Salinas] Our role is that of a link. We provide a bridge between the South and the North. We have very strong ties with the Latin American countries. We belong with them historically and politically. However, economically our partners are weak. That is why I decided to establish a free trade zone with Canada and the United States. This will help to unleash the Mexican potential; you know, our population is already 83 million, and it grows by 2 million each year.[end Salinas]

The president smiled.

[Korotich] Somebody told me your joke about Mexican population growth: It is not that you Mexicans love children that much, but you do love women...[end Korotich]

The president laughs.

A young man, he took office on 1 December 1988. At the time he was one of the leading economists in the country. After completing his education in Mexico, Salinas attended the famous Harvard University in the United States, where he had earned two Master's and a Ph.D. before the age of 30. In the meantime he did not lose the

talents necessary for a politician. One of the most important of which—the talent of being on an equal footing with all kinds of people. He conducts frequent press conferences and sees a multitude of visitors; this year 52 presidential trips are planned, which will take him to various regions of the country. It was on one such trip that he invited me to accompany him.

"You cannot be egotistic," says Salinas. "We will be the source of business incentives for South and Central America. Our ties with that region are very strong."

[Korotich] Some of our patriots suffer from an inferiority complex; therefore, I will ask you a question often asked in my country. Will economic cooperation negatively affect your cultural identity? You are moving closer to the powerful United States. Will you survive ethnically under the onslaught on mass culture?

[Salinas] I believe in the Mexican identity.

[Korotich] You do?

[Salinas] Without question. Our culture is very strong. We can enter such markets without destroying our identity.

[Korotich] So you believe that the United States will not absorb you? And that rock'n'roll is not going to dominate Mexican tunes in the near future?

[Salinas] We respect the values of other cultures, but they are not strong enough to overcome ours.

[Korotich] You stand on your own soil?

[Salinas] Yes, of course! And quite firmly. I am also trying to persuade Germany, Japan, Europe, and Asia to invest more in Mexico.

[Korotich] And Mexico will become stronger from that, and will soon acquire more economic power?

[Salinas] Of course.

[Korotich] It sounds good, but some clarifications are needed. We have talked quite a bit about your program. Could you say a few words on that subject?

[Salinas] We are passing many things into private hands now, and the money received from this privatization, as well as new profits from our foreign partners, are going into the *solidarity program*. This program does not give anything away, to anybody. Nevertheless, it meets many social needs. For example, the area we are now passing needs electricity, running water, and better schools. Solidarity makes it possible for them to have all that, but only if **they themselves participate**. First they have to organize themselves into solidarity committees. Then these committees elect leaders—democratically. This has to be done through elections so that everybody feels that they have participated in the process.

[Korotich] And what do they get as a result?

[Salinas] What they needed: roads, electricity, water...

[Korotich] I have seen that. The government announces that it can provide, say, pipes, or cable, or cobblestone. But the people have to contribute their own labor to get the results.

[Salinas] Yes, that is a must! They have to invest their own labor. People get satisfaction from work. So, among other benefits, the program reinforces their sense of self-worth.

[Korotich] I will have to contemplate that through the prism of my own experience. In my country about 20 percent of the population would work hard no matter what—whether under communism, capitalism, feudalism, or any other social order. But about 15 percent will never work; they just want to live well on the strength of talk, demands, whatever, as long as it is not honest labor. These people become a barrier to any social changes, because they want the government to give them everything while they contribute nothing. How do you get these kind of people into this process? They are the kind of people who would sit by the roadside holding slogans while others build a water-mains for them. How do you plan to get these kind of people into your programs?

[Salinas] If they do not want to participate, do not want to work, then the solidarity program is not for them.

[Korotich] You mean they will not get the electricity, or the water?

[Salinas] Nothing. Let them work, build a road near their home. Or other people's homes. They have to understand that the program is theirs, not the government's.

[Korotich] So, if 10 people work, and five do not...

[Salinas] These five will not get anything.

[Korotich] It would be good if the Soviet people could learn about your program. It is very instructive. We still have so much to learn...

[Salinas] We, Mexicans, have a great deal of respect for the Soviet people. Your people have suffered enough. One need only remember World War II. And all the suffering you have had to endure under the tsars and Stalin! We value not only your ability to survive but also your incredible creativity. I have a great desire to meet your people, to come into contact with the Soviet people. I plan to visit your country.

[Korotich] How do you see it from Mexico?

[Salinas] It is one of the most important countries in the world because of its political, social, and military standing. Today President Gorbachev plays a leading role in the process of renewing the relationships between various countries and reevaluating the ties that have developed since World War II. Everything that happens in the USSR has bearing on the whole world.

[Korotich] We have a difficult time changing, moving away from the one-party system. You, too, had only one party until recently...

[Salinas] Now we have several. My party is represented by only 52 percent of the delegates at the Mexican congress. Nevertheless, we make unorthodox decisions. We have even backed off nationalization in the course of our constitutional reform. We have decided to privatize enterprises, although until recently there was an accepted belief that the larger the government sector the better it is for the people. The years of economic crisis have led us to recognize the necessity of these changes. And the people have supported us. One example. We had a state-owned telephone company which employed 50,000 people. I announced that the company would be privatized, and all company employees had to vote on it. They unanimously voted to support that decision.

[Korotich] And you believe that this is for the better? And they believe that?

[Salinas] Yes. The company employees were fighting for higher wages. I told them that the only way to raise their wages was for them to work better and to increase productivity. But productivity will only grow if the company grows. That required five years and 10 billion U.S. dollars. The same resources were needed to

improve our education system. I had to make a choice. I decided to use the money for the education system, and to attract private investment for the telephone company; everybody agreed. If in order to increase productivity you have to privatize a telephone company, we vote for privatization. All company employees will become co-owners of this enterprise.

[Korotich] So you use a variety of methods in your economic perestroyka. And in your presidential activities...

[Salinas] And even in my speeches. People like clarity. No rhetoric. You have to be to the point and say it in such a way that people will understand. Everybody wants the speeches to precisely reflect the reality. People want to be in constant contact with you—by way of words, seeing, touching. Even when we touch each other in the crowd, it is a form of communication...[end Salinas]

The bus came to another stop; the president jumped from his leather seat and dived into the crowd straight from the bus step. Two old men standing some distance away, outside the circle of contact with the president, took off their wide-brimmed hats. When I told Salinas about it later, he rejoiced and said that this was a true sign of respect.

**China's Economic Reforms, Prospects for Trade With USSR Assessed**

9IUF0184A Moscow PRAVDA in Russian 24 Nov 90  
Second Edition p 5

[Article by B. Barakhta, PRAVDA correspondent in Beijing: "A Market, But Subject To Regulation; Notes on the Chinese Economy"]

**[Text] After an interruption of many years, the PRAVDA correspondence office has once again opened in China. Boris Barakhta came to work here. He is a candidate in historical sciences, a Chinese studies specialist, and a PRAVDA employee with a 10-year tenure. We submit for the reader's attention his correspondent's report on how the implementation of economic reform in the PRC is affecting the life of the Chinese people.**

The policy of regulation is being implemented in China for the second year. As practical experience has shown, it has yielded positive as well as negative results. However, we know that the policy of regulation was adopted, we must say, not because of the good life.

The reform of the economy which was adopted in the People's Republic of China in the 80's proceeded along an entire series of directions. Among these there were three main ones. First of all, a review of attitudes toward ownership. Comrade Deng Xiaoping characterized these steps as follows: "While allowing the development of individual farms, as well as joint enterprises based on Chinese and foreign capital and enterprises based exclusively on foreign capital, we will invariably reserve the leading role for socialist ownership of property".

Secondly, a course was adopted toward expanding commodity-monetary relations, and toward making a transition to a controlled market. And thirdly, for the purpose of attracting foreign investments and leading technologies, an open door policy is being implemented, i.e., expansion of foreign economic relations.

The situation, at first glance, initially developed quite normally, as was outlined in the strategic principles of the CPC. However, starting in mid-1988, negative tendencies began to grow within the Chinese economy. Capital construction reached an unjustifiably broad scale, there was an uncontrolled growth of prices on the market, and speculation in deficit materials and economic crimes committed by leaders of numerous segments of the party-state apparatus became a rather commonplace occurrence. These and a number of other reasons evoked alarm among the country's leadership. The situation in the republic's national economy turned out to be the focus of attention at the CPC Central Committee Plenum in September of 1988.

The Plenum decided to focus primary attention on regulating the problems of "overheating of the economy" and bringing about order in the sphere of turnover and capital construction. The adopted measures were aimed at strengthening centralized control over the

status of the national economy. Moreover, a special resolution of the State Council halted the construction of several hundred non-production enterprises and reduced the financing of capital construction.

Yet already the first months of 1989 showed that the situation had gone out of control in a number of aspects. The Plenum set the task of not allowing the level of inflation to exceed 10 percent in a year. Nevertheless, it exceeded 20 percent. The cost of such food products as vegetables, meat, eggs, and seafood products increased by an average of 31-37 percent. The living standard declined for over one-third of the urban population. This, in the words of the PRC State Council Premier Li Peng, had a negative effect on social stability and undermined the people's faith in the reforms. The state was forced to once again introduce ration cards for pork, vegetable oil, sugar and other goods, so that the poor strata of the population could obtain them at fixed prices.

That, in general, is the prehistory of the implementation of the regulation policy which began last year. What fruits has it bore on the eve of the end of the current year?

Strict limitations on credit and monetary emissions and a sharp increase in interest rates have made it possible to notably reduce the volumes of capital construction and significantly reduce the level and rate of inflation. The "swelling" of retail prices is not occurring. In August their growth comprised only 0.4 percent, and on the whole for three quarters—2.3 percent, which is the lowest indicator since 1985.

As Zhang Zhongji, representative of the PRC State Statistical Bureau, announced at a press conference for Chinese and foreign journalists, certain contradictions which have a negative effect on the normal functioning of production and the sphere of turnover are gradually easing. An acceleration in the dynamics of economic growth is being observed. In the three quarters of the current year, the gross national product comprised 1,200 billion yuan, which is 2.7 percent higher than in this same period in 1989.

The achievements are obvious, and nevertheless a paradoxical situation has developed in the market. It is filled with goods, and this in spite of the fact that the contributions of workers to savings banks have increased significantly. Thus, while the savings of urban and rural residents deposited in the banks have grown by 38.4 percent at the end of September as compared with the same period last year, during this same time the reserves of unsold goods in trade increased by 12 percent as compared with the first 6 months of 1989.

The Chinese government reacted quickly to the negative tendencies which were being manifested in the economy. Already in March the limitations on financing capital construction were eased and the interest rate on credit was reduced. In the 6-month period investments into state enterprises increased by more than 4 percent.

Already today we can see that the adopted measures are making themselves known and, as the newspaper *RENMIN RIBAO* writes, by the end of the year we should expect that the situation will correct itself. The recently published statistical data of the PRC State Statistical Bureau testify to the fact that the optimistic prognosis is based on a real foundation.

In September, industrial production increased by 7.5 percent as compared with the same month in 1989. According to preliminary evaluations, in the fourth quarter the rates of development of industrial production will increase, reaching the planned indicator—a 6 percent growth. In August 1990 the gross production of light industry increased by 10 percent, and that of heavy industry—by 5.1 percent. In this same month, the growth of production at state enterprises comprised 3 percent, and at collectively owned enterprises—9.4 percent.

A rather favorable situation is being formed in agriculture, as a plentiful summer grain harvest has been gathered. The fall harvest also turned out to be a rich one. According to the evaluations of specialists, the gross harvest of grain, it is believed, will exceed 420 million tons. On the whole the gross agricultural production will increase by 5 percent.

China is beginning to confidently emerge onto the international food market. As An Jitao, president of a corporation for export and import of food products, stated in an interview with the newspaper *CHINA DAILY*, before the end of the year his company will sell almost \$1.5 billion worth of products abroad. China exports canned meat and fruit, various types of seafood products, rice, fresh vegetables and fruits. Food products bearing the label "Made in the PRC" may be seen on the shelves of stores in many countries of the world.

At the same time, China does not yet intend to reject grain imports. It imports grain from France, Argentina, and Australia. In the first half of 1990, the United States alone sold the PRC 2.7 million tons of grain. In this same period, according to the data of the Chinese customs service, the country imported 9.4 million tons of grain, over 761,000 tons of sugar, and 1.3 million tons of butter.

As for foreign economic relations, here we see certain difficulties which are associated primarily with the well-known Western sanctions and the preparation for the upcoming payments on foreign credits. Nevertheless, the volume of foreign trade for the first 7 months of 1990 increased by 2.7 percent as compared with the data for July of last year. The export volume for 9 months comprised \$41.4 billion (a growth of 14.2 percent), while imports declined by 14.6 percent and comprised \$36.5 billion.

Hong Kong is still China's main trade partner. The trade turnover between them this year has already exceeded \$20 billion. The volume of trade with the USA comprised \$7 billion. Unfortunately, the Soviet Union is not

yet among the list of the PRC's major trade-economic partners. We believe that in the future, with the development of border and direct relations, we will be able to make up for what has been lost. Especially since great interest toward mutually beneficial trade is being exhibited by both sides.

It is difficult to say now whether the Chinese economy will be able to overcome all of the negative tendencies before the end of the year. However, the hope for this has appeared, and our Chinese comrades are optimistic. Speaking at a gala reception on the occasion of a national holiday—the 41st anniversary of the formation of the PRC, State Council Premier Li Peng noted in this connection: "At the present time we are reviewing drafts of a 10-year plan of economic construction and social development for the 8th Five-Year Plan. After appropriate preparation, they will be introduced for discussion by the 7th Plenum of the CPC Central Committee's 13th Convocation. In the next 10 years we will firmly and successively implement a course toward the progressive, stable and proportional development of the national economy".

Beijing stores and markets react with the sensitivity of a barometer to changes in the country's economic atmosphere. The stores are filled with people and there is a large selection of goods. And the people are not only looking. They are buying. The market too has an abundance of buyers. There is such a selection of food products here that it is hard to keep from buying. That means the policy of regulation, corrected in time, is really beginning to bear fruit.

#### Vietnamese Economic Reforms, Growth of Free Enterprise Viewed

91UF0154A Moscow *KOMSOMOLSKAYA PRAVDA*  
in Russian 15 Nov 90 p 3

[Article by Andrey Kabannikov, *KOMSOMOLSKAYA PRAVDA* special correspondent in Hanoi: "Exchanging Our Thongs for 'Salamanders'" (Reference to "Salamander" shoes, a brand name)]

[Text] In 1978, Saigon baker Chau Khon was sent away to the country for "re-education". After 3 years, his fellow townspeople, who had become hungry by that time, brought him back. Khon again began baking bread, but the threat of arrest hung over him for several more years. His fate fluctuated along with the general line. Today, it seems, it has finally been determined. Chau Khon owns 6 small bakeries. He has purchased a machine for baking waffles from the West for \$500,000, and has opened a store in Ho Chi Minh City.

Since 1960, Hanoi resident Nguyen Van Chan has found himself in jail three times: For selling ballpoint pens, glue and bicycle tires, which he made himself from waste products. Today his confiscated property has been returned to him, and he himself has become a successful entrepreneur.

Many such stories are being told in Vietnam today. However, already after one's first acquaintance with Hanoi, one cannot help but doubt their veracity. Could such things really have happened here in the recent past? Entire blocks of the capital are today taken up by huge marketplaces. It is difficult to find a house whose first story has not been converted into a shop, cafe, or workshop. The streets have been turned into endless rows of shops. It is almost impossible to walk along the sidewalk: You might step either on a peddler or on his wares.

Our readers today are easily impressed with the wide assortment of goods. However, I will only say that here one may buy a Japanese-made television of the latest model, as well as a 4-meter long python.

What is happening to the country in which even a few years ago the concept of private enterprises was interpreted exclusively from the standpoint of the criminal code?

The long war and the economic blockade by the West—these are two reasons which traditionally explained Vietnam's place among the poorest countries in the world. It has been only since the second half of the 80s that the third reason has become apparent to all, and has been named. The administrative system, with its strict centralized planning and its stake on industrialization and collectivization, and with suppression of private initiative, led the country into an economic dead end.

Even today, Vietnam remains a single-party country with an authoritarian system of power and a strict ideology which does not allow political pluralism in any form. However, in the sphere of economic reforms Hanoi has for some time found itself ahead of even Eastern Europe. Our radicals in economics were just barely beginning to speak up, but here the market relations were established right away, in all spheres of the economy and with equal conditions for all economic sectors. In the state sector, enterprises received full independence, at the same time losing all their subsidies and henceforth buying raw goods and materials at market prices. In the village, the land was given to families on a 15-year lease with the right to sell a large part of the harvest at the market.

However, one gets the most lively impression of the awakened business life on the streets of Hanoi. With the break of dawn, the market bustle begins literally under the windows of our correspondence office. Around midnight, the lamps of the cigarette peddlers still burn along the roadsides. One may find an open eating establishment at any time of the day or night. The police request that I make a xerox copy of my driver's license left me at an impasse. But then, within less than 100 meters from my house, I found a store with a xerox machine, and then I found another half-dozen similar stores nearby. One need only drive into a car wash and a pair young men, stripped to the waist and wielding mops, immediately

rush up to the car. The driver is invited to wait under an awning and have a cup of coffee while his car is being washed.

The press reports the opening of new restaurants, billiard parlors, casinos, and the re-introduction of horseracing. A youth newspaper has opened its own store. MFA photographers are earning extra money at weddings. A barefoot boy, sitting with an air pump at the side of a busy street, has also, it seems, opened his own business—pumping up tires.

They say that here too at first there were outrageous prices and the "just indignation of the workers". However, by the summer of the second year in Hanoi there were already around 58,000 officially registered commercial shops. And, no matter how you look at it, it is specifically thanks to private trade that today's Hanoi, which has still oh-so far to go to reach abundance, is nevertheless fed and clothed. It has forgotten all about food ration cards, and does not know what waiting lines are.

However, we have still not touched upon a question of principle importance: Where, specifically, did these goods come from? In my naivete, I asked this question on the very first day, and then I understood how they might look at one who has come from Mars. The question was indeed a clumsy and tactless one. Well, is it not quite clear that these American cigarettes, these Thailand pants and Hong Kong watches are common contraband? Every day around 6,000 people cross the Vietnamese-Chinese border in the region of the northern province of Lang Son. They say that some even have time to make two trips in a single day. Food products, cattle, and non-ferrous metals are taken there. On the way back, the bamboo baskets of the carriers sag under the weight of beer, dishes, various knick-knacks and clothing.

The border business is even more active in the south, where electronics, cigarettes, and tons of various imitations of "brand names" come in.

The second source of the abundance in the shops are the thousands of Vietnamese workers who have gone to earn money in various countries of the world. In Hanoi they persistently try to sell you a "Malyutka" washing machine. They are ready to bring a "ZIL" refrigerator right to your house. One need only make a phone call. Well-to-do Vietnamese who permanently live abroad also send goods to relatives. There are around 2 million of them. The state has excused their goods from customs duties.

Yet where is the production of Vietnamese industry? You will not find it right away. I went to the exhibit of achievements in order to convince myself of the fact that it really does exist. The shelves of the state stores impart a feeling of boredom. And if it were not for the scatterings of imports, they would look just like the store windows of our country stores. Behind this outward

contrast is hidden the most acute contradiction of the Vietnamese economy today.

The euphoria about the boom in goods passed quickly. The cheap and relatively high quality import goods, under conditions of a low level of consumption, very soon gave rise to a sort of "crisis of over-production" which shook the state sector. There was a time when, due to problems of sales and shortage of funds, even such traditional and relatively successful forms of production as the manufacture of bicycles and ventilators came to a standstill. The enterprises began sending their workers en masse on prolonged and unpaid "vacations". According to the data of the local press, today in Hanoi only 40 percent of the enterprises are operating normally, while 20 percent find themselves at a dead end. The others are "standing on one leg". Billions of dongs worth of unsold products have accumulated in the warehouses.

The contradiction has become apparent: On one hand—there is the private owner who is rapidly getting rich, and who moreover is inclined to evade taxes and not pay customs duties. On the other hand there is the state which, having embarked upon reforms, cannot ensure the viability of its own sector of the economy. Its workers and employees receive a low average wage, and in this flooded market they feel like the story-book character Nils Holgersson in the enchanted city. They are handed goods from all sides, and they would be happy to buy them. But the trouble is, they do not have a single coin in their pocket.

History knows two ways out of such a situation. It is possible to bankrupt the merchant who has gotten fat, to divide up his wealth, to strengthen [the state's] own monopoly in this way, and to restore distributive relations from top to bottom. That is what we did in implementing the NEP [New Economic Policy].

However, it is also possible to build an effective economy based on relations which have arisen in the sphere of trade and small-scale production. Most of the developed countries have travelled this route in one way or another. If the Vietnamese leaders have not yet determined their final choice, this will be done for them by life itself.

As of 1 October, a prohibition on the sale and smoking of imported cigarettes has gone into effect. Of course, the market must be protected. Moreover, it has long been known that the best defense is—attack. However, I am curious: Do the authorities intend to assign a policeman to each smoker, or only to a few thousand Hanoi dealers of tobacco products?

I asked a cigarette peddler, of whom there are no less than 10 on our little street alone, what she intends to do. After all, of the 25 brands of tobacco on her counter, only one is Vietnamese. "I will strictly fulfill the order," she answered without batting an eye. "But if the gentleman wants a good cigarette, please, come only to me. Anytime".

**Prospects for Soviet-Saudi Economic Cooperation**

91UF0180A Moscow *TRUD* in Russian 24 Nov 90 p 3

[*TRUD* correspondent Z. Nalbandyan report: "We Await Interesting Proposals"]

[Text] Cairo, November—I suddenly spotted in the windows of one of the biggest radio goods stores of Jiddah, the biggest city of Saudi Arabia, among an abundance of Sony, Sanyo, Phillips, and other Western technology the contours of a most familiar national design and the name in English—Selena.

"There has been some kind of miracle with these receivers," the young salesman told me. "They appeared here quite recently, after the Saudis, awakened by the Iraqi invasion, began to buy up all radio equipment in order to constantly keep abreast of events. At that time someone 'dumped' a small consignment of your Selenas on the market. Where and through whom they were purchased I do not know, but it transpires that although large in size and not as attractive as the Japanese, this receiver picks up the world excellently, and we are selling it at the relatively low price of 150-200 rials (approximately \$50) apiece."

The miracle, the salesman continued, is that our pampered customers have come to prefer the Selena to all other receivers, and we are now selling 15-20 of them a day, which for the country as a whole constitutes a very large quantity. Incidentally, no one has complained about the quality yet. If you have other merchandise like this, send it! Everyone will benefit.

Were it not for the crisis in the Persian Gulf, the main topic of conversation in Saudi Arabia today would undoubtedly be... the Soviet Union. This is no exaggeration. Even granted that the Iraqi invasion of Kuwait and the threat to the security of Saudi Arabia itself naturally leave no one here indifferent, the newspapers are literally packed with material about our country. In one day, for example, I counted in three leading Saudi papers 17 articles, long and short, on Soviet foreign policy efforts to achieve peace in the region, on the situation inside the country, and on national relations in the USSR. On other days the picture was the same. The Saudi public's interest in the Soviet economy is particularly striking. For Saudi Arabia, an orthodox Islamic country always distinguished by a sharp rejection of communist ideology, for half a century was without not only economic but also diplomatic relations with us.

"But times change," 'Abdallah Dahlan, general secretary of Jiddah's Chamber of Commerce, told me. "Perestryoka has given rise to an entirely new political situation in the USSR, and this has had an exceptionally salutary influence on relations between our countries. Diplomatic relations have been restored. It is now a question of the organization of close trade and economic contacts."

Incidentally, Dahlan continued, trade relations between the USSR and Saudi Arabia never ceased altogether. Many Soviet commodities could be purchased in our stores previously also. The Lada automobile, for example, has been in steady demand here. But these commodities reached our market through brokers and "third hands," and it was the brokers who benefited the most. The task now is to begin to trade directly. And the most important thing is to expand the framework of reciprocal trade. After all, Saudi Arabia today produces much that could be very useful to the Soviet customer. In turn, it cannot be ruled out that Soviet partners may compete successfully on the Saudi market. The Selena receiver confirms this.

"An important aspect of our future relations," Dahlan emphasized, "is the extensive opportunity for Saudi businessmen to invest money in the Soviet economy. We could accomplish large-scale joint projects and generally cooperate very productively in the economic sphere."

An official Soviet delegation headed by K. Katushev, minister for foreign economic relations, visited Saudi Arabia at the end of October. The mere composition of the delegation, which included representatives of many Soviet foreign trade associations, testified to its significance.

"Very important meetings were held in the course of visit," K. Katushev told me on the eve of his departure from Jiddah. "We were received by King Fahd, custodian of the two sacred mosques, who displayed great interest in broadening contacts and the establishment and strengthening of commercial relations between our countries. A USSR trade mission, which, we hope, will open here in the very near future, will help in this. In addition, we invited a large group of Saudi businessmen to visit our country at the beginning of next year to discuss the main fields of cooperation."

And how does the Saudi side assess the prospects?

"The problem," Muhammad Ishqi, head of the Chamber of Commerce Foreign Relations Department, explained to me, "is that we do not know one another well enough. We have no idea of the kind of goods you can supply. This is why we greatly await the opening of a Soviet trade mission, but would at the same time be pleased if some of your businessmen were to take the initiative and make us an interesting offer. You could even try to do this through your newspaper."

According to figures of the Jiddah Chamber of Commerce, Soviet exports to Saudi Arabia constituted \$31.2 million in 1984 (that is, at a time when there were no contacts between our countries). In 1988-1989 it held at the \$30 million level. This consisted mainly of electrical goods, automobiles, machine tools, and raw materials. Saudi exports to the USSR last year reached the \$70 million mark and consisted of oil, petrochemicals, and grain. Specialists predict that these figures will increase many times over with the establishment of direct relations.

Will the prediction come true? The answer to this question will largely depend on our interest and enterprise also.

**'Democratization' Viewed Beneficial to African Economies**

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in Russian No 46, 17 Nov 90 pp 12-13

[Article by Boris Pilyatskin: "Farewell Without Fanfare, Or Shattering One African Myth"]

[Text] They say you cannot take the words out of a song. But that saying is not about Africa. I recall how on post-war summer evenings a bold march about migrating birds resounded on the dance floors, fitting neatly into a fox trot rhythm. And the baritone on the 76 rpm record assured us with sincerity: "I do not need the shores of Turkey, and I do not need Africa". We might add that it was specifically during that epoch that the "great standard-bearer of peace" was baring his yellow teeth at Turkey, and that at the negotiations on concluding the peace agreement with Italy the question of who will get its African colonies continued to be discussed among the recent allies. So, despite the lyrics, the song did the work of propaganda.

Years have passed. Our "Migrating Birds" are performed from time to time even today. But with a significant correction in the text. Listen closely: As before, we do not need the Turkish shore. Yet as a continuation of the familiar line we hear: "We do not need foreign land". Why is this so?

Why, because we do indeed need Africa. Of course, not in the sense of encroachment on far-off lands. Unlike the local "Turkish shore" it is not simply a geographical concept, but an integral component part of the world perception, without which the "tree of mankind" would not only be deprived of part of its leaves and roots, but simply would not grow. The fossil remains of a 3 million year old skull belonging to our common ancestor, discovered by the English archeologist Louis Leakey and his with Mary in Olduvai Gorge on the territory of Tanzania, have made the kinship of each of us with Africa indissoluble. Just as indissoluble as the strata of the cultures of the African and non-African peoples which at first glance are so dissimilar.

There are many examples of the interrelation and intertwining of these strata. I will refer to Picasso, who was delighted by the expressive plasticity and genial conditionality of African expressive art, which was refracted in his Cubism. I may mention also the architect Le Corbusier, whose fantasies on the topic of cities of the future were fed by such a source as the honeycombs of the ancient Algerian Ghardaia amidst the Sahara sands.

Shackled in chains of slavery, divided up by the Western mother countries, inaccessible due to its deserts, mountains and forests, it has too long remained for the world something enigmatic and unknown, fitting into the sentence of Chekov's Uncle Vanya: "And, it must be, in this very same Africa it is now very hot—what a terrible thing!" As for the generations of Soviet people, for them

the first literary dedication to "Africanistics" was the advice of the wise storyteller: "Do not go walking in Africa, my children".

The year 1960 became the turning point for awakening mass interest. It went down in history as "the year of Africa", when the colonial iceberg began to crack and split, and one after another 17 countries proclaimed their independence. Today there are 51 of them, and they comprise the Organization of African Unity. Alas, only a very few may boast that they have not known change of power by means of force or efforts at military overthrow. The political instability of African states is a regular consequence of their socio-economic problems, their continued decline in production, ineffectiveness of implemented programs, and catastrophic growth of foreign indebtedness. All these problems have arisen not today and not yesterday, but our propaganda of past years did not delve deeply into them.

The main thing was seen as something else: "The giant which has straightened its shoulders" (the favorite newspaper cliche of that epoch) is overthrowing colonialism, rejecting imperialism, and building a new and happy life. Yet this was already an almost ready synonym for such concepts as the "progressive path of development", "socialist choice", and "socialist orientation". Of course, they fit poorly into the specific life realities of one country or another, with their economic backwardness, poverty, almost total illiteracy, rudimentary state of civil freedoms and political activity of society, or sometimes total absence of thereof. Nevertheless, they had a clearly expressed dictatorship of the personal power of the first person—the head of the regime. However, it was not facts which were important, but ideological dogmas and preconceived stereotypes.

It went without saying that "socialist orientation" was equated to "mature socialism". Therefore, the birth of the African command-administrative systems and the rapid bureaucratization of the state apparatus, the fascination with nationalization and the state sector to the detriment of the private, the excessive centralization of planning—all this was offered up here as the achievements of those who had proclaimed themselves "of the same faith" as the Soviet people. Yet it was the socialist phraseology of the African leaders which was especially prized. It sometimes happened that a leader would be overthrown, as for example was the case with the president of Ghana, Kwame Nkrumah, and literally overnight, from being "socialist", the country was the very next day qualified in our country as being "capitalist".

We have put much effort into our relations with the West, working hard to create the "image of the enemy". No less harm, in my opinion, was brought in the 60's and 70's by the efforts to create the "image of the friend". "Moscow, Khruschev (later Brezhnev), peace, friendship, sputnik, good"—this cheerful set of watchwords, supposedly pronounced by each and every passing African with an invariable white toothy smile, was called

upon to demonstrate not only the inviolability of Soviet-African relations, but also the total lack of problems in the affairs of the countries which followed the "non-capitalist path of development". The neologism invented in the cabinets and built merely on the bare rejection of affiliation to a certain socio-economic formation freed us without too much difficulty from having to answer the question: If the path is NOT capitalistic, then what is it?

The framework, which was made to fit primarily the African leaders of that time, would periodically be re-adjusted upon directive from above—some countries were excluded and others were added. At various times it included Algiers and Ghana, Tanzania and the Congo, Mozambique and Angola. Today few remember the ruler of Guinea, Sekou Toure. This country was depicted to Soviet readers almost as a "beacon" for all of Africa. Yet by his "experiments", specifically the prohibition on small-scale trade, year after year he [Toure] bankrupted the country's economy and wrecked the country, suppressing mass discontent with harsh repressions. The "transformations" taking place in Equatorial Guinea, Uganda, and Burkina Faso (formerly Upper Volta) were also depicted in our country in exceptionally major tones. At the same time, the countries which did not follow the "non-capitalist path" were generally relegated to epithets which bore a minus sign.

Their turning for help to the International Monetary Fund and the International Bank for Reconstruction and Development was viewed almost as the original sin. One of the recommendations of these organizations—to reduce the bureaucratic apparatus for purposes of revitalizing the financial system and the economy—evoked particular irritation in the writers. Could it be because our own administrative-command system at the top of the ideological pyramid did not allow even a hint of the fact that somewhere, even if it was on the other end of the world, an overgrown state apparatus may serve as an inhibitor of economic development?!

Instead of substantial arguments, the readers were deafened with propagandist cliches about the fact that the relations [of the African states] with the IMF and the IBRD signified all but a loss of their national sovereignty. Now, when the clients of the IMF are such countries as Mozambique and Angola, and even we ourselves are planning to do business with the IMF, the old curses—"I'll be!"—seem to be at the very least funny.

Let us take one other small excursion into the past. In the 60's there was the appearance of the phenomenon of the Ivory Coast (Cote d'Ivoire) on the African continent, and its rapid economic development outstripped many of its neighbors. In our country, however, serious analysis was replaced by an "explanation": The president of that country was a "lackey of the West". Perhaps a one-dimensional approach to the phenomenon of African life is completely outdated and the new thinking triumphs? If only it were so. For example, even today the

readers receive much less information about Mauritius, which thanks to its "free trade zones" is rapidly approaching South Korea and Hong Kong, that they do about Ethiopia. Could this be because its official name bears the word "socialist", even though anyone who knows anything about the state of affairs there clearly understands that it certainly does not reflect the life of the Ethiopian people? And in essence the leader of this country himself has admitted the failure of the selected economic policy and announced important reforms.

Having had the opportunity to directly observe the reality of Mozambique for a period of many years, let me recount a little-known episode. In 1981, a delegation came to Mauritius headed by Rashidov. He spoke according to his prepared text, saying that Mozambique is already approaching mature socialism, after which the expanses of communism will open up for it. And was he the only one to come? Aliyev also personally visited here, and Podgorny several years before him (I must say, for some reason Mozambique was steadily unlucky in receiving "important guests" from Moscow). I could also add to this list the names of several other leading functionaries of the stagnation period who are currently retired. Each one of them in turn sang the praises of the African country's "socialist achievements".

Let us not be cunning. Sweet-sounding speeches which fostered the dependent sentiments of our partners were in tune with the local propaganda of that time. Yet this certainly does not absolve us of the responsibility for fraud. After all, at that same time Mozambique's economic management organism was in a state of paralysis. Because of the erroneous policy in regard to the peasantry—the creation of the supposedly voluntary "aldeish communaish"—collective farms (as all this is familiar from our own history), the forced industrialization with the creation of the necessary base for this, the persecution of entrepreneurs (fishermen, for example, were considered speculators and arrested for their catches)—a sense of pestilence reigned among the rural population, poverty in the cities increased, and the monstrous rate of inflation turned money into trash paper. The West and the UAR made full use of such a "display window" to discredit the very idea of socialism. I recall a headline in one South African newspaper: "Mozambique Socialism—An Absence of Everything".

Last year, when at the FRELIMO 5th Party Congress the leadership realistically and soberly evaluated the capacities of the country and outlined a path for moving ahead, the same voices rang out: "Look, Mozambique is rejecting Marxism-Leninism". The fact is that, having critically reviewed the experience of the past and having rejected premature slogans which correspond neither to the needs of the country nor to its capacities and historical traditions, the country is turning toward the simple laborer and announcing its priority task—to feed, house and clothe him, and to ensure his civil rights. The changes for the better are amazing as compared to what

had been several years ago. Agricultural production has increased, trade has been revitalized, and the people are happier.

Having visited a Maput marketplace or one of the numerous shops and stores which have opened up in recent years, including also on a cooperative basis, Soviet visitors quietly sigh: "If only we had this". Of course, one might object that "there" the bananas grow on trees. But, first of all, counter to the widespread notion, they grow not on trees, but on bushes. And secondly, in order for these banana plants to bear fruit, they require no less care than do our tomatoes. I do not want to embellish the situation. The people in Mozambique have a difficult life. There is an acute shortage of food products in the province. Yet it is important that this country has demonstrated how the most acute economic problems are subject to "treatment" if, casting aside ideological dogmas, one seriously sets about solving them.

Our perestroika and the events in Eastern Europe which have ruined the bankrupted neo-Stalinist regimes have influenced and increasingly continue to influence the renovation of the economic model and the social-state structures of the African states. The question of introducing the multi-party system has been placed on the agenda in Mozambique, Zambia, and Angola. At the conference of the Sao Tome and Principe Liberation Movement (MLSTP), this ruling and singular political organization of the island republic adopted the resolution that the new text of the constitution would no longer contain words about its leadership role and democratic centralism as the organizational principle, and for the time being the name of the country has been changed. It is no longer the Democratic, but simply the Republic of Sao Tome and Principe. The motivation is as follows: "A

democracy is needed in practice, and not merely in name". The African Party of the Independence of Cape Verde, another former Portuguese colony, has adopted a resolution to exclude the reference to its leadership role from Article 4 of the Constitution. The fact that Marxism-Leninism is no longer the official ideology was announced by Benin's President Mathieu Kerekou, who is also the Central Committee chairman of the country's only party, the People's Revolutionary Party of Benin (PRPB).

We might add that until the final "bell" sounded, the republic's affiliation to the "Marxist-Leninist" states was not subject to any critical interpretation in our country. Instead, delegations "for exchange of experience" were regularly sent (most recently last December) to the shores of the Gulf of Guinea where this country is located. I will not try to judge how during all these years our experience was of any use to the PRPB, which rejected its ideology and cast it off like an African cape. However, nowhere did I read or hear that even a single Soviet public organization promulgated and assimilated the experience of the Benin party leaders.

Thank God, the time of myths has passed. Now it is a time for re-interpretation of values and for working out concepts of development which correspond to the real national interests. As it appears, it is specifically this process which will become the main one for the upcoming decade prior to Africa's entry into the new age. Recognition of the fact that a healthy economy and socio-political democratization are inseparably linked together, and that one is impossible without the other—that is the essence of African perestroika.

In turn, by facilitating it in every way possible, we will experience the full measure of mutual benefit and fruitfulness of our relations with Africa.

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